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NEWS SUMMARY

GENERAL

Eyskens named as Belgian Premier

King Baudouin yesterday appointed Finance Minister Mark Eyskens as Belgian Prime Minister, to head a new centre-Left government.

Mr. Eyskens reached agreement with the four parties in the Social Christian-Socialist coalition on an emergency economic programme.

The cabinet will not change, except that Prime Minister Wilfried Martens will leave and the finance portfolio will go to former national bank governor Robert Vandeputte.

Charges dropped

"In the interests of racial harmony," charges against four people arrested during Bristol riots were dropped after the jury failed to reach verdicts.

Iran claim ends

U.S. asked the International Court of Justice to dismiss its claim against Iran for seizing 52 U.S. hostages in 1979.

Israel doubts

U.S. Secretary of State Alexander Haig failed to convince Israel that selling arms to Saudi Arabia would strengthen Western defences. Page 5

GLC pledge

A Labour-controlled Greater London Council would be prepared to confront the Government over spending policy, the GLC Labour chief said. Page 8

Gulf peace hope

Iran and Iraq appear ready to end their six-month war, said Mr. Habib Chatti, leader of an Islamic peace mission.

N-power goes on

West Germany will build more nuclear power stations "whether a minority likes it or not," said Research Minister Andreas von Bülow.

Finns may quit

Finland's four-party coalition Government is expected to resign on Friday. Page 2

Amin troops

Troops loyal to former Ugandan dictator Idi Amin were reported to be operating only 40 miles north of Kampala.

Getting better

A week after the attempt to kill him, President Reagan's lung damage was clearing up, and Press Secretary James Brady was also recovering.

Rugby team ban

Sealink banned London and Guy's Hospital rugby teams from its ships after they "ransacked" a cross-Channel ferry.

Satellite deal

USSR agreed to pay Canada C$3m towards costs incurred when a Soviet satellite disintegrated over Canada in 1978. Page 4

High-level talks

U.S. and Britain rejected a Soviet proposal at the UN to extend countries' air space to 62-68 miles above sea level.

Briefly . . .

One of 16 held in Glasgow under the Prevention of Terrorism Act was released.

West German police clashed with squatters in Nuremberg.

Home Secretary William Whitelaw affirmed the Government's commitment to a multiracial society. Page 8

Italy's Tennis Federation outlawed exhibition matches.

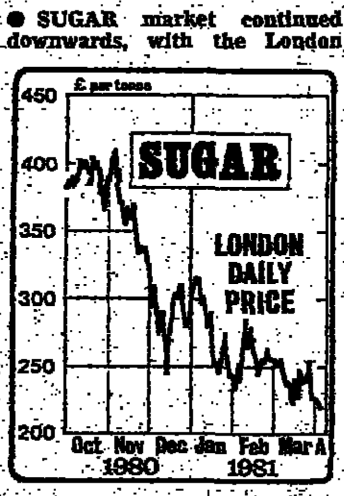
BUSINESS

Equities off 6.1; Sugar fall continues

● EQUITIES faltered, amid profit-taking and rising tension over Poland. The FT 30-share index fell 6.1 to 533.5. Page 30

● GILTS were subdued, with the Government Securities Index off 0.09 at 69.97. Page 30

● SUGAR market continued downwards, with the London daily raws price fixed £4 lower at £218 a tonne, a 12-month low. Page 29



● WALL STREET was down 15.94 at 991.17 near the close. Page 28

● STERLING fell sharply, closing at $2.1690 ($2.2055), and DM 4.6775 (DM 4.68), but rose slightly to FFr 11.03 (FFr 11.02). Its trade-weighted index was 98.7 (99.5). Page 27

● DOLLAR gained ground, closing at DM 2.1555 (DM 2.1210), SwFr 1.9695 (SwFr 1.9340), and Y214.0 (Y212.10). Its trade-weighted index was 101.5 (101.0). Page 27

● GOLD rose $8 in London to $531.5. Page 27

● CHINA will reprieve several Japanese petrochemical projects in return for substantial extra financing, said a Japanese delegation. Page 6; Rolls-Royce talks, Page 8

● UK CHEMICAL INDUSTRY is estimated to have lost at least £1.6bn in cash flow because of the recession. Back Page

● SHIPYARD WORKERS are ready to take industrial action if British Shipbuilders maintains its threat to shed 600 jobs. Back Page; Murray attack, Page 11

● MOTOR TRADE associations and finance houses urged the Government to relax hire purchase controls on new and used cars. Page 7

● GENERAL MOTORS surprised the U.S. motor industry by raising car prices 3.5 per cent. Page 24

● SOUTHERN PERU Copper Corporation plans a £90m three-year expansion of its Toquepala min. Page 23

● RHONE-POULENC, France's biggest chemicals group, will split its textiles subsidiary into three separate operating companies. Page 25

● METALLGESELLSCHAFT, the West German metal and chemicals group, more than doubled its profits last year to DM 42m (£8.9m). Page 25

● DRESDNER BANK, of West Germany reported group net profits down 26 per cent to DM 204m (£43.5m) last year. Page 25

● HIGHLAND DISTILLERIES reported pre-tax profits of £2.46m (£3.03m) for the half-year to February 28. Page 20; Lex, Back Page

● BRYANT HOLDINGS, the building and property group, raised pre-tax profits from £3.26m to £3.73m in the half-year to end November. Page 20

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated).

RISES			FALLS		
Anglo Metropolitan	112	+ 5	Excheq. 12¼pc 1994	£94⅞	— ¼
Crouch (D.)	252	+ 7	BTR	476	— 6
Elys (Wimbledon)	218	+ 11	GEC	674	— 9
Marler Estates	80	+ 5	Glaxo	310	— 8
Newbold & Burton	56	+ 8	Hawker Siddeley	318	— 6
Rothmans Intl.	75	+ 6	Hawley Leisure	57	— 5½
Royal Bank of Scotland	144	+ 10	Horizon Travel	247	— 10
Tozer, Kemsley & Millbourn	58	+ 4	Midland Bank	308	— 7
Anglo Indonesian	130	+ 8	Plessey	327	— 5
Bougainville	94	+ 6	Polly Peck	203	— 11
CRA	267	+ 17	Provincial	54	— 3½
Kloof Gold	£15¼	+ 1	Reed Executive	39	— 5
Libanon	930	+ 70	Sharna Ware	133	— 15
Marievale	201	+ 25	BP	370	— 10
MIM Hldgs.	267	+ 15	Carless Capel	124	— 11
Poseidon	274	+ 7	LASMO	540	— 23
West Drie.	£38¼	+ 3¼	Shell Transport	358	— 14
Western Deep	£23¼	+ 1¼	Sovereign Oil	334	— 21
Western Hldgs.	£37¼	+ 2¼	Central Pacific Minerals	150	— 65
			Intl. Mining	50	— 5
			Southern Pacific Minerals	58	— 30

Kuwait suspends oil loadings after row over new premiums

BY PATRICK COCKBURN

KUWAIT HAS suspended loading of most crude oil by British Petroleum, Shell, Gulf, and most of its other Western oil customers because they are refusing to pay a new premium on their purchases.

In the past the companies have paid a $5.50 premium above Kuwait's official Gulf price of $35.50 a barrel on some of the oil. Now Kuwait wants to charge a lower premium—believedt o be $2-$3 a barrel—but to impose the premium on all its exported oil. It wants to end the contracts under which it supplies some oil at the official Gulf rate.

The oil companies believe no premium is justified at a time when demand for crude oil on the world market is very slack.

The Kuwaitis have responded to the failure of their customers to renegotiate contracts ending on April 1 by suspending deliveries of that part of its crude which is sold at the official price of $35.50.

The oil industry regards the dispute as an important test of oil prices at a time when crude sales are sluggish because of the depression in the West and hight export levels by Saudi Arabia.

The companies hit by the embargo are adamant that they will not pay the extra demanded and are confident that they will be able to obtain adequate oil elsewhere at more attractive prices.

The inability of the Kuwaitis to maintai na high level of premiums is likely to be reflected in the prices offered by other members of the Organisation of Petroleum Exporting Countries, although Qatar is also reported to have threatened to halt sales to Japan unless Japanese traders accept a $6.50 a barrel premium.

Shell has been Kuwait's largest customer over the last year taking 225,000 barrels a day, of which only 75,000 b/d was bought without a premium. BP lifts 150,000 b/d, Idemitsu of Japan 110,000 b/d and Gulf 75,000 b/d.

These figures are substantially reduced from just over a year ago when BP, Shell and Gulf together bought 1.3m b/d.

According to the authoritative Middle East Economic Survey, Kuwait has lined up alternative customers if the major companies refuse to come to an agreement, but this is doubted by oil companies in London.

They believe that there is enough surplus oil on the world marker to dissuade other companies from buying at the price Kuwait is demanding.

BP, Shell and the Japanese have already signed nine-month contracts with Iran at a premium of only $1.80 for the first quarter and the remaining six months at the Gulf standard price. It was hoped at the time that this would encourage Kuwait to reduce its prices, though South Korea signed a 100,000 b/d contract in March with a $4 a barrel premium.

The Kuwaitis are believed to be angry at the continuing high level of Saudi production at 10.3m b/d. They feel this rise in production, originally intended to meet the needs of customers deprived of oil by the Iran-Iraq war, is no longer necessary and is artificially depressing prices.

Background and oil price chart, Page 5
Rundle shale oil project costs treble, Back Page

Industry costs may not bring inflationary upsurge

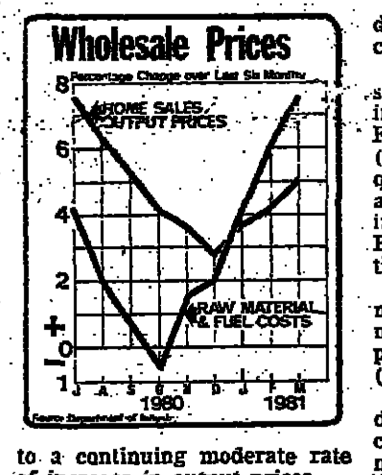
BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RATE of growth of manufacturing industry's raw material costs and domestic selling prices has accelerated since the end of last year from previously low levels.

But the signs are that this does not mark the start of a new inflationary upsurge.

Department of Industry figures yesterday show that the cost of industry's raw materials and fuel jumped by nearly 6 per cent between December and March after a 1.5 per cent rise in the previous three months.

Output prices of manufactured products in the home market rose by 3.9 per cent in the period to March after a 1 per cent increase in the previous three months.



The acceleration in costs largely reflects the recent weakness of sterling and the increase in the price of crude oil earlier in the year, while output prices have been boosted by dearer, petrol and by the impact of the Budget.

Consequently most analysts think that some of the pick-up in wholesale prices and the partly associated post-Budget increase in retail prices may only be a hiccup, though the period of rapid deceleration is probably over.

The Confederation of British Industry monthly trends inquiry and the Financial Times business opinion survey both point to a continuing moderate rate of increase in output prices.

The 12-month rate of increase of retail prices is forecast by the Treasury to slacken from 12.5 per cent in mid-February to 10 per cent by the end of this year, and to 8 per cent by mid-1982.

The main uncertainties for the future are about level of sterling and about industry's desire to restore previously squeezed profit margins when destocking ends. Both these factors may put some upward pressure on prices.

But they should be offset by the favourable impact of the smaller wages rises in manufacturing industry in the present pay round and by the hopes for large improvements in productivity claimed by many companies.

In detail, the latest figures show that the output prices index rose by 1.3 per cent from February to March to 214.8 (1975 = 100). About three-quarters of the rise can be attributed to the indirect tax increases announced in the Budget, which will also affect the April figures.

The index of the cost of manufacturing industry's raw materials and fuel rose by 1.6 per cent last month to 217.4 (1975 = 100).

After excluding the food, drink and tobacco sectors, the cost of the materials bought by manufacturing industry rose by 2 per cent last month. About two-thirds of the increase reflected the higher sterling price of crude oil due to the fall in the sterling exchange rate.

Prices for materials other than crude oil rose by 1.8 per cent in March after having fallen steadily for seven consecutive months.

The cost of materials, including packaging, bought by food manufacturing companies rose by 0.7 per cent last month, reflecting higher prices of bacon-factory pigs and both home-produced and imported wheat, partly offset by lower prices for home-landed fish.

Retail sales figures, Page 10
Editorial Comment, Page 18

Brisk launch for gas oil futures

BY JOHN EDWARDS, COMMODITIES EDITOR

TRADING in London's new gas oil futures market started on a buoyant note yesterday with a first day's turnover of 1,807 lots of 100 tonnes each. This was a great deal more than expected.

Supporters of the market were especially pleased that trading was spread over several months (with quite heavy turnovers in the distant delivery positions) and that prices were broadly in line with ideas in the oil trade and the Rotterdam physical market.

The market, in which gas oil, used mainly by industry, is bought and sold for future delivery, gives producers and consumers an opportunity to protect themselves against price fluctuations in the physical market.

Heaviest trading yesterday was in the June delivery month, the first position on the market, where 501 lots were traded at prices ranging from a low of $300 to a high of $304.50 a tonne. Closing prices at the end of the afternoon session were the highs for the day.

Turnover was boosted artificially by a large number of "crossed" lots (dealers trading among themselves to establish positions).

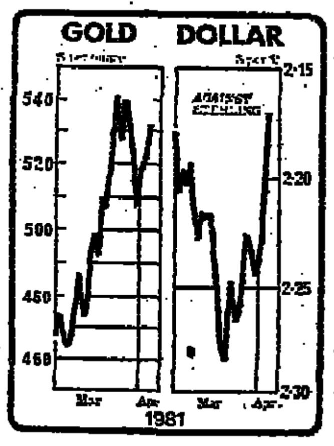
The real test of the market will come in the next few months when interest may be hard to sustain in view of the present depressed state of the gas oil market, which is traditionally at a low ebb during the summer.

A crucial factor will be whether sufficient gas oil is delivered into the new market's delivery points in Amsterdam, Rotterdam nad Antwerp to provide the required "chips" for the market when the June delivery date falls due.

There was general agreement yesterday that the new market could hardly have got off to a more encouraging start drawing in support both from trade and speculative sources.

Oil companies are generally adopting a wait-and-see policy to find out how the market settles down. But it is felt that he daily publication of gas oil prices will provide a useful guide to market trends that will be of interest to all concerned with buying and selling oil products.

Dealings table. Page 29



Interest rates in U.S. push £ down

BY DAVID MARSH

HIGHER U.S. interest rates pushed sterling down 3.65 cents yesterday to a London close of $2.1690, its lowest finishing level for 12 months.

The dollar was generally firm, with mounting fears of Russian intervention in Poland depressing the D-Mark and other leading Continental currencies.

Tension over Poland sparked off a rise in the international gold price, although trading was very quiet. Gold closed in London at $531.5 per ounce, up $8 from Friday.

Sterling's trade-weighted index fell from 99.5 to 98.7 on Bank of England calculations. The Bank was reported to have intervened yesterday to try to stem the pound's fall.

The dollar was boosted generally by a sharp rise in Eurodollar rates. One month deposits closed at 16¾ per cent, up 1½ percentage points from Friday, while the three month rate rose 1¼ percentage points to 15⅞ per cent.

Some dealers believe U.S. rates may tighten further as the Federal Reserve's monetary attack on inflation bites harder.

The pound was also depressed by the decision to allow sterling to be used in lending by the International Monetary Fund, which is expected to increase the supply of pounds on to the foreign exchanges.

Additionally, some dealers feel that Minimum Lending Rate may be cut again soon as growth of the money supply continues to slacken. Preliminary money supply figures for March, to be published today, are widely expected to show only a

Continued on Back Page

£ in New York

—	Apr. 6	Previous
Spot	$2.2000-2040	$2.2030-2380
1 month	0.20-0.57 pm.	0.32-0.36 pm.
3 months	1.45-1.55 pm.	1.15-1.25 pm.
12 months	5.10-5.40 pm.	4.50-4.70 pm.

Czech President attacks political turmoil in Poland

BY ANTHONY ROBINSON

PRESSURE on Poland increased yesterday with a sharp attack by President Gustav Husak of Czechoslovakia on the continuing political turmoil in the country.

The presence in Prague of President Leonid Brezhnev of the Soviet Union indicated that President Husak's opening speech to the Czechoslovak Party Congress reflected the Soviet Union's own fears about events in Poland.

Mr. Brezhnev, whose decision to attend the Congress sparked speculation of a Warsaw Pact summit to discuss Poland, listened impassively as President Husak charged that the "anti-socialist forces, supported and instigated by the enemies of socialism from abroad, are attempting to bring about a counter-revolutionary reversal in this fraternal socialist country."

Both President Husak's speech and the presence in Prague of the Soviet leader appearedto draw a parallel between events in Poland and the invasion of Czechoslovakia.

"Our people are following events in fraternal Poland with disquiet," President Husak said.

"This is understandable. History has taught us what it means to have a good neighbour and a reliable ally."

The meeting also occurred against the background of continued Warsaw Pact military exercises in and near Poland. The East German news agency said that the manoeuvres took place in the central portion of East Germany and made no mention of Poland.

But Herr Paul Verner, East Germany's Politburo member in charge of national security, said the Soyuz 81 manoeuvres demonstrated that East Germany would be an "unshakable bastion against all kinds of anti-Socialist subversion."

In his speech President Husak restated what has come to be known as the Brezhnev doctrine of limited sovereignty for members of the socialist community.

"All who are attempting to misuse the events in Poland for instigating anti-socialist campaigns must be deminded of our clear standpoint—at the protection of the socialist system is the concern of each socialist state, but also the joint concern of the states of the socialist community, which are determined to defend their interests and the socialist achievements of their people," he said.

Press and TV whip up war fever in East Germany, Page 3
Brezhnev wants to meet Schmidt, Page 3

Mr. Weinberger, the U.S. Defence Secretary, said in Britain yesterday that the manoeuvres were equivalent to invasion in their intemidation of Poland.

At Cottesmore airbase en route for a NATO Nuclear Planning Group meeting in Bonn, Mr. Weinberger said: "It's invasion by osmosis. The whole activity cannot fail to be intimidating." The Soviet Communist Party newspaper claimed yesterday that Mr. Weinberger was fuelling international tension by criticising the exercises.

Mrs. Margaret Thatcher, the UK Prime Minister, sent a letter to Mr. Brezhnev, the Soviet leader, at the weekend, emphasising that the Polish situation "remained in the forefront" of her concerns. The letter, a reply to one from Mr. Brezhnev early last month, urged that the Poles be allowed to decide their own future.

U.S. to aid car industry

BY DAVID BUCHAN IN WASHINGTON

THE U.S. has decided to make a reduction in Government regulation the centre-piece of its plan to help the car nidustry on to its feet, rather than special tax relief.

This was disclosed yesterday as a team of U.S. officials arrived in apan. In a game of international economic poker Tokyo has said it wants to see what the U.S. Government plans to do to help U.S. car manufacturers recover before deciding whether, and how, to meet U.S. indsutry and Congressional demands that Japan voluntarily restrict car shipments to the U.S.

apan's share of the U.S. marekt has risen to a quarter.

The Reagan Administration is cautious in its approach on Japanese car imports, merely making known that it would welcome unilateral restraint from Japan without putting overt pressure on Tokyo.

It wants any import reductions to look voluntary, to avoid domestic anti-trust problems and any encouragement to other trading partners such as Europe to take protectionist action in other areas.

The big question is whether the scaled-down Reagan approach will satisfy Detroit and its political backers on Capitol Hill, who have introduced standby legislation for mandatory quotas to cut Japanese imports from 1.9m last year to 1.6m a year until 1983.

CONTENTS

Anthony Robinson recently visited Pristina, where student protests last week developed into calls for a 'Greater Albania'

Ethnic Albanians rock the house that Tito built

THE DEATH of two demonstrators and the declaration of a state of emergency last week in the Albanian-speaking province of Kosovo in Yugoslavia's "deep south" has rudely shattered the outward calm of post-Tito Yugoslavia.

What started on March 11 as a student demonstration about poor conditions in the sprawling university campus of Pristina, the provincial capital, now has the makings of a full-blown nationalist protest. It has spread to other towns and villages.

Overtly nationalistic slogans calling for Kosovo to be upgraded from an autonomous province of Serbia into a fully fledged Republic have been accompanied by more ominous calls for union with neighbouring Albania and the creation of a "Greater Albania" which would incorporate the Albanian minorities in neighbouring Montenegro and Macedonia.

The demands for Republic status first erupted in a systematic way in 1968, after years when the Albanians of Kosovo felt their aspirations had been suppressed. The demonstrations were firmly repressed. But, at the same time, the decision was taken to speed up the region's economic development. Since then considerable progress has been made, both in the economy and in the province's real autonomy and self government. Kosovo's scarlet flag, bearing the black two-headed eagle of Albania, now flies alongside the tricolour Yugoslav flag on all occasions. But per capita incomes are still below half the national average, and one-sixth those of Slovenia, the richest republic.

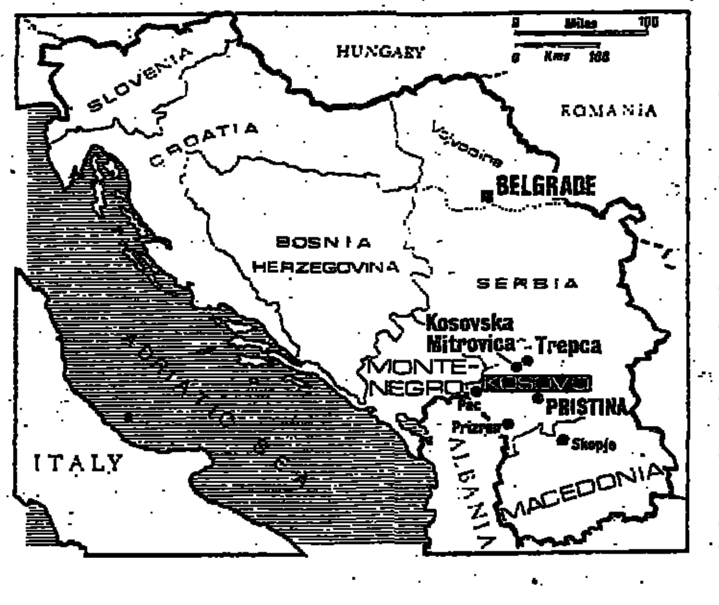
Until now the Serbs have just watched the "Albanisation" of Kosovo. It is far from certain, however, that they would acquiesce in upgrading Kosovo to full Republic status. This would symbolise the destruction of long-standing historical and cultural links with the heartland of traditional Serbia.

Demands for Republic status could re-awaken latent nationalist passions, especially among those Serbs who feel Serbia has been taken advantage of in present-day Yugoslavia. Rising nationalist feeling in Serbia would then almost certainly have repercussions on the delicate balance on which federal, socialist Yugoslavia is based.

In Kosovo's case the risk is especially high. Under the Yugoslav constitution, each Republic has the formal, legal right to secede from the Federation. Republican status could theoretically be seen as the first step towards Kosovo's secession and unification with neighbouring Albania.

It has to be stressed that, as things stand now, such an event is very remote indeed. Despite Kosovo's relative poverty, living standards are far higher and personal and political liberty far greater than in Albania.

The riots have drawn attention to the frustrations and economic problems of the region, but there must be doubts about the support the demonstrators can claim in the province.



Modern Yugoslavia, created by President Tito and backed up the Yugoslav League of Communists, the sole permitted political party, is based on the principle of unity in diversity and the theory of equal rights and equal representation for each of the six republics and two autonomous provinces.

To this extent it differs in several fundamental ways from pre-war Yugoslavia, based on Serbian domination at the expense of the rights and privileges of the other nationalities and ethnic groups. The tensions this caused erupted in violence and bloodshed during the Second World War and the partisan struggle. It was to reduce Serbia's former dominance and create a more balanced structure that two autonomous provinces, Kosovo and Vojvodina, were carved out of Serbia after the war. They are now fully represented in the eight-man collective state praesidium and 23-man collective party praesidium which run post-Tito Yugoslavia.

Kosovo spent over 500 years under Turkish domination, from which it was not finally freed until 1912. It is considered historically by Serbs, the largest of the 18 ethnic groups who live in this multi-national country, to be the heartland of old Serbia. The province is dotted with beautifully frescoed, Orthodox churches — like the monastry at Gracanica with its fresco of the great Serbian King Milutin. Just outside Pristina itself lies Kosovo Pole, the battle field where, in 1389, Serbia and Christendom were defeated by the Turks and the long Turkish domination of the Balkans began.

Kosovo today is making impressive efforts to make up for this legacy of backwardness, with the help of massive funds from other republics, which contribute over 70 per cent of the Kosovo budget. It receives 45 per cent of the special development fund resources to which all Yugoslav republics contribute nearly 2 per cent of their incomes. Nature has endowed Kosovo with rich non-ferrous ore deposits at Trepca and Kosovska Mitrovica, and above all with over 50 per cent of Yugoslavia's lignite deposits.

Two huge fields of medium-quality lignite contain over 10bn tons of recoverable reserves. The ratio of overburden to lignite is a *highly economic one-to-one*, and ambitious development plans look forward to annual production of 50m tons by the end of the decade, with six new power stations.

Much of the 4,800 megawatts of electricity will be for export, both to the more industrialised but energy-deficit republics of Yugoslavia itself and to several Western European countries, if current negotiations bear fruit. The main problem with these projects is their highly capital-intensive nature, and the fact that relatively few jobs will be created.

But new jobs are Kosovo's top priority, as the patriachal family structure and major improvements in health and welfare have given Kosovo a 2.6 per cent annual population growth, the highest in Europe. The combination of high fertility and the massive influx of students into Pristina University has created enormous disproportions. The young, in their jeans, vastly outnumber the old men in traditional white felt skullcaps and the peasant women with brocaded gowns or Turkish-style baggy trousers walking two steps behind their menfolk.

The Albanians, descendants of the ancient Illyrians, are one of the oldest ethnic groups in Europe. At the last census in *1971 they accounted for 74 per* cent of Kosovo's 1.7m inhabitants. The result of the new census next month is expected to show Albanians as having risen to around 80 per cent of a 2m population. What this means is that the Serbs, who in the last census accounted for around 18 per cent of the population, along with 3 per cent of Montenegrins, 3 per cent of Serb-speaking *Moslems, and 0.5* per cent of Turks, will see their own, historically, socially-dominant weight further diminished.

The events in Kosovo illustrate the potential for conflict *which is always present* in such a complex country. They provide an indication of the kind of political finesse required of Yugoslavs at large, and the collective leadership in particular, if the wider benefits of Yugoslav unity and independence are to be preserved against the latent risks of unbridled nationalism.

This finesse furthermore has to be exercised against the background of 40 per cent inflation, rising unemployment, and a long-term economic stabilisation policy which is cutting economic growth and the funds available for regional development and public spending.

The sheer number of riot police, secret police and troops in Pristina last week also served as a reminder that the Federal Yugoslav State and the Communist Party have at their disposal a large and well-organised repressive apparatus constantly on the look-out for any activity which could possibly threaten the system.

The collective leadership recognises that Communist Yugoslavia is *not* a conflict-free society, that ventilation of *grievances* must be permitted within reason, and that essentially political arguments must be used to dissuade those who would like to see such radical changes as greater economic liberalism, a multi-party system, or greater national self-expression.

The real problem lies in defining the limits to what is permissible or not. Probing the limits of the possible is likely to become a growing feature of Yugoslavia as the Tito era recedes.

The way in which the challenge *from Kosovo is handled* will be the first real test of the system's ability to survive and adapt peacefully to the strains.

Dolanc claims Kosovo is returning to normal

BY ALEKSANDR LEBL IN BELGRADE

The Kosovo region is slowly returning to normal, according to Mr. Stane Dolanc, a member of the Praesidium of the Central Committee of the league of Communists in Yugoslavia. He said not a single enterprise in Kosovo stopped work during the unrest although curfews interferred with production. The State of emergency will thus be gradually reduced, beginning today, with shorter curfews.

The troubles in Kosovo had surprised local leaders and the Yugoslav Government, especially by their brutality, he said.

He put the number of dead civilians at nine, adding that some might have been the victims of common criminals or of vendetta, still practised in Kosovo. Two policemen were killed. Police used firearms on only two occasions in the towns of Vucitrn and Urosevac, killing two people. All the dead, including the policemen, were Albanians. He was unable to estimate material damage, mainly broken shop windows and wrecked cars, with one burned house.

Mr. Dolanc said unrest in Kosovo was the work of nationalistic groups linked to pro-fascist or dogmatist emigrants abroad.

Mr. Dolanc expressed his opinion that the Albanian Government had nothing to do with the unrest.

Mr. Koivisto . . . failed t[o] resolve conflicts

Finland's coalition totters

By Lance Keyworth In Helsin[ki]

FINLAND'S coalition Gover[n]ment is expected to resign [o]n Friday following the failu[re] of Prime Minister Mau[no] Koivisto to resolve the co[n]flicts afflicting his left-cent[re] administration.

The Communist Par[ty] although a member of t[he] coalition is refusing to acce[pt] the "social security package" associated with the natio[nal] wage agreement reached la[st] month. The Communis[ts] want to attach their reserv[a]tions to the draft legislati[on] before it is submitted [to] Parliament. The party is bad[ly] divided and, with a congre[ss] due in May, the majori[ty] faction expects a hard fig[ht] for votes with the minori[ty] hard-line group.

There is a widespre[ad] *national feeling, too, that* t[he] Social Democrats, Mr. K[oi]visto's own party, want [to] remove him from office [as] do the Communists. T[he] Prime Minister, however, h[as] considerable popularity a[nd] leads public opinion polls [by] a wide margin.

The coalition, of which t[he] Centre (Agrarian) a[nd] Swedish People's parties a[re] the other two members, w[as] born after long weeks of inte[r]party squabbling in Ma[y] 1979, and has tottered fro[m] one Government crisis [to] another ever since. Now, [it] seems, President Urho Ke[k]konen has intervened, t[el]ling Mr. Koivisto to deci[de] quickly whether the Gover[n]ment will resign.

What will replace the pr[e]sent coalition, however, [is] difficult to say. On a previou[s] occasion, when the politicia[ns] proved hopelessly recalci[t]rant, Mr. Kekkonen appointe[d] a government of civil servant[s] to carry on until tempers ha[d] cooled. He might do so agai[n]. If a minority government [is] to be formed, its terms o[f] reference may take time [to] draw up.

Norway studies ways to win gas off north coast

BY FAY GJESTER IN OSLO

STATOIL, the Norwegian state oil company, is to spend NKr 184m (£15m) on investigating *problems of exploiting* a big gas discovery if one should be discovered off Norway's northern coast. Five leading foreign oil companies, including BP, Mobil, Conoco, Esso and Agip, are co-operating in the project, together with a number of leading Norwegian concerns and research institutions.

Exploiting a find in northern waters would present the Government and oil companies with a new kind of challenge, because of the deep water, harsh environment, and great distance from markets.

One possibility to be studied assumes that a large gas field, or oil field with large amounts of associated gas, is discovered at a *depth of 350* metres, off the northernmost part of the north Norwegian coast. A find at this depth would require new underwater technology. Studies will be made of possible fuel installations, underwater systems, platform equipment and transport facilities.

Since platforms resting on the seabed would not be feasible at this depth, a floating, moored platform is the most likely alternative. But such structures can take only limited loads, so much of the production and storage facilities would have to be built on the seabed.

Squatters and police clash in West Germany

NUREMBERG — Police forced their way into a building occupied by squatters early yesterday, arresting 21 people. Four young squatters, who took over the building at the weekend, fled to the roof and threatened to leap to their deaths unless police stopped the raid. A psychologist was rushed to the scene to take charge of the negotiations, a police spokesman said.

The incident was the latest in a series of clashes between police and young people who have taken over abandoned buildings throughout West Germany to protest about the lack of low cost housing. Police said the squatters in Nuremberg had erected banners proclaiming "Anarchy power," "We don't want a nuclear state" and other slogans.

The raid began at 5 am after the squatters refused an order to leave and had barricaded themselves inside.

In Munich, police said charges had been laid against 14 people detained in a clash between police and squatters there. They face charges including attempted escape from prison, assault and vandalism.

AP.

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Press and TV whip up war fever in E. Germany

BY LESLIE COLITT IN EAST BERLIN

LIEUT. KONRAD LOEWE, of the East German Volksarmee, stood in Prussian grey battle-dress before a train, loaded with armoured personnel carriers under his command, which was ready to move eastward into the Warsaw Pact manoeuvres area.

"We are prepared to fulfil our task with determination, enthusiasm, and elan," he said crisply to the television cameras, in the accents of his native Saxony.

He was followed on East German television by a military correspondent, who proclaimed, in a voice familiar to his countrymen from many past manoeuvres, that "fresh reserves" were being moved in.

Each evening, East Germans are confronted in the television news with realistic scenes of air, land and sea combat which have convinced even the unpolitical waiter in the hotel Unter den Linden here "they're not burning all that fuel for nothing."

East Berliners remember the official media assaults that took place during and after the building of the Berlin Wall in 1961 and the invasion of Czechoslovakia in 1968. They are instinctively bracing themselves for the worst as tensions grow over Poland, only 50 miles to the east.

East German officers, interviewed for the evening report on the exercises, speak of the day's war games as if they were part of the annual production plan.

Lt. Werner Mehnert said his tank unit was competing for the title of "excellent quality combat vehicle" by fulfilling the combat tasks and "providing the best quality possible."

The "aggressor" is constantly being surprised and defeated in mock battles with East German armour, artillery, missiles and torpedo boats, working closely with the "unit next door." This is the official term used to describe the 380,000 Soviet troops in East Germany.

Polish soldiers, who officially are taking part in the 19-day-old Soyuz '81 manoeuvres, along with Czechoslovak troops, are no longer mentioned by the East German mass media. The Czechoslovak role in the exercises has never been explained.

Military correspondents, speaking in sombre, measured tones on television, say the troops are demonstrating a "high level of combat preparedness for the defence of peace and Socialism." The "imperialist class enemy" is described as working hand-in-hand with "counter-revolutionaries" to subvert Socialism. Every East German over the age of 10 knows they are being led by one Lech Walesa.

Christopher Bobinski adds from Warsaw: In sharp contrast, the manoeuvres are receiving scant coverage in the Polish media. Yesterday's issue of Zolnierz Wolnosci, the army daily, devoted as much space to accounts of how soldiers were helping Poland's farmers prepare for spring as to the exercises themselves.

Talbot may close down operations in Ireland

By Our Foreign Staff

TALBOT is to stop selling cars and trucks in Ireland from next week and close down its Dublin plant unless a trade union embargo on imports is lifted.

The company, part of the French-owned Peugeot-Citroen-Talbot group, said in Dublin yesterday it was unable to trade because of the embargo and said it had "no option" but to withdraw completely from Ireland unless trading restrictions are lifted by next Monday.

Redundancy notices have been issued to the workforce of 132 and dealers employing a further 500 staff have been told of the move.

The embargo on Talbot imports by the Irish Congress of Trade Unions was imposed after the company made 90 workers redundant following the completion of a contract to the UK.

This resulted in the phasing out of car assembly at Talbot's Dublin plant.

Italians step up terrorist hunt after arrest

By Rupert Cornwell in Rome

POLICE SEARCHES were under way throughout Italy yesterday as security forces followed up the weekend capture of Sig. Mario Moretti, believed to be the most important leader of the Red Brigades terrorist organisation captured so far.

The seizure of Sig. Moretti in a Milan street on Saturday, along with Prof. Enrico Fenzi, who was acquitted of terrorist activity a year ago, removes a key figure generally considered the "manager" par excellence of the Red Brigades over the past five years. He is said to have masterminded the kidnapping and murder of Sig. Aldo Moro, the former Prime Minister, in 1978.

Police believe Sig. Moretti to have been the vital co-ordinator between the so-called "Strategy Directorate" of the Red Brigades and operational unit in major cities, and also of links with foreign counterparts, including Palestinian liberation groups and West Germany's Red Army faction.

Despite last year's breakthrough in police operations, since the confessions of Sig. Patrizio Peci — the Red Brigades commander captured in Turin — Italian politicians have been reluctant to accept that the tide might be flowing against the terrorists. Now Sig. Moretti has been captured, however, they seem almost convinced.

Sig. Giovanni Spadolini, leader of the Republican Party, which is part of the ruling coalition, declared it was "probably a decisive blow" in the battle to stamp out terrorism.

It is now believed that only two of the central Red Brigades Directorate are still at large, including Prof. Giovanni Senzani, the Tuscan University professor thought to have conducted the interrogations of Sig. Giovanni d'Urso, the judge held prisoner for over a month by the organisation between December and January.

Brezhnev wants to meet Schmidt in Bonn

BY ROGER BOYES IN BONN

THE SOVIET leader, Mr. Leonid Brezhnev, has signalled that he wants to hold talks in Bonn later this year with Chancellor Helmut Schmidt of West Germany.

The move, spelled out in an exchange of diplomatic messages, was touched on during last week's Moscow talks between Herr Hans-Dietrich Genscher, the West German Foreign Minister, and the Kremlin leadership.

The Soviet Union is clearly intent on keeping summit-level contacts open with the West, despite the international tension surrounding Poland. In the same spirit, West German Government officials yesterday stressed the need for a continuing dialogue at a time of East-West crisis.

By contrast, President Ronald Reagan of the U.S. recently turned down Moscow's offer of a speedy summit with Mr. Brezhnev. In an interview, he said: "I don't believe there's any sense in sitting down at a table with them (the Soviet leadership) unless there's some evidence that they're changing their attitude and their activities."

Mr. Brezhnev's trip would, in protocol terms, be repaying Chancellor Schmidt's visit to Moscow last summer, which broke the ice in East-West relations after the Soviet invasion of Afghanistan.

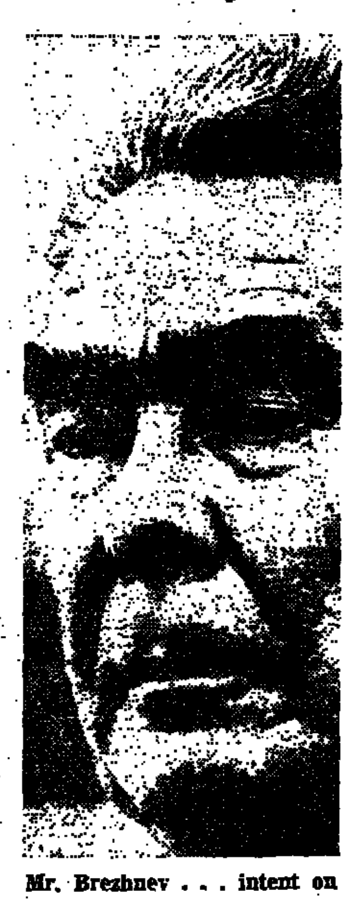
The difference in emphasis between the U.S. and Bonn in its attitude to a summit-level dialogue with Moscow has resulted in a strong West German desire to ensure that high-level meetings at least bring tangible concessions to the West.

Herr Schmidt's trip secured a commitment to continuing arms talks with the West, despite the intended stationing of new medium-range nuclear weapons in Europe. Similarly Herr Genscher's visit to Moscow last week seems to have secured two important assurances.

First, the Western acceptance of the Soviet offer to freeze the deployment of European medium-range weapons at their present levels is not regarded as a pre-condition for arms talks between East and West.

It was never really clear whether Moscow wanted to couple the two elements, although it has launched a full-scale propaganda campaign in Western Europe in support of the move. But now the West is at least clear that the so-called moratorium can be rejected without harming future negotiations.

Second, West German officials returned from the Genscher trip confident that arms talks on medium-range weapons would be resumed this year. Chancellor Schmidt seems to be confident that they will take place before the autumn.



Mr. Brezhnev . . . intent on keeping top-level contacts alive

Security tight as NATO meets to review nuclear arms policy

BY BRIDGET BLOOM IN BONN

MINISTERS FROM 13 members of the North Atlantic Treaty Organisation meet here this morning amid the strictest security for a review of the alliance's nuclear policy and capacities.

The meeting, of NATO's Nuclear Planning Group, is part of a regular series of discussions and is billed as consultative rather than decision-making, but it gains added significance from taking place against the background of the crisis in Poland. It is also the first full meeting, at Ministerial level, between the new U.S. Administration and its NATO allies.

Mr. Caspar Weinberger, the U.S. Secretary of Defence, and his colleagues are likely to have to run the gauntlet of an anti-nuclear demonstration as they drive through the gates of the West German Defence Ministry building this morning. Several hundred special police and 60 Alsatian dogs are patrolling the Ministry compound and the surrounding area.

The expected demonstration will highlight one of the most critical areas of NATO's nuclear policy—the decision, taken in December, 1979, to station some 572 U.S.-owned and operated Pershing II and Cruise missiles in European countries belonging to the alliance.

Formally, the two-day meeting of the Nuclear Planning Group is concerned only with the military side of this decision. No doubt Mr. Weinberger will be concerned to inform his colleagues on the latest situation in Cruise and Pershing missiles development following reports that the latter, in particular, may not be ready for deployment by late 1983 as planned.

However, it is the political implications of the so-called theatre nuclear force (TNF) modernisation that are seen as important now. European Governments, led by Bonn have been urging the U.S. to reopen talks on TNF control with the Soviet Union.

The Reagan Administration has agreed to such talks in principle, restating its agreement to a meeting of NATO's Special Consultative Group in Brussels only last week. But some European Governments are still worried that it does not share their sense of urgency.

Herr Helmut Schmidt, the West German Chancellor, yesterday repeated that he believed such talks—which the U.S. has agreed could be separate from talks on strategic weapon limitation under the SALT process—would take place "in the course of the summer or late summer."

Unless talks began this year, he said, the West German Government would not only face increasing domestic pressure but "it would also lead to difficulties in our relationship with the United States." However, the Chancellor added, "I'm sure it will not come to that."

Paris bid for grain sales to Russia

By Larry Klinger in Brussels

FRANCE IS again making a strong bid to win EEC approval for the subsidised sale of 600,000 tonnes of wheat to the Soviet Union, claiming that Mr. Alexander Haig, the U.S. Secretary of State, has told Paris that Washington would not object.

Officials said in Paris yesterday that the issue would be raised at the European Commission's agriculture committee meetings in Brussels this week and that they expected no opposition from the other EEC member countries.

However, neither Britain and West Germany would accede to such a request without a clear indication from the U.S. that it was modifying its partial grain embargo imposed on Russia in retaliation for the Soviet invasion of Afghanistan.

Only last month the EEC Council of Foreign Ministers, partly at British and West German insistence, rejected a French request that the EEC should sell 600,000 tonnes of wheat to the Soviet Union.

Despite French claims, however, officials at the U.S. State Department are said to have described Mr. Haig's remarks as noncommittal. The U.S. Department of Agriculture has been described as "furious" over being informed only belatedly of Mr. Haig's discussion.

The U.S. mission to the European Community was last night seeking clarification of the situation from Washington, refusing comment except to say that the issue was obviously being pushed to the highest levels.

Paris had been hoping that, with the election of President Ronald Reagan, the U.S. grain embargo would be relaxed. When Mr. Reagan delayed any decision, the French stepped up their drive to change Community policy.

Polish PM is 'recovering'

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH authorities have officially confirmed that General Wojciech Jaruzelski, the Prime Minister, has been suffering from angina, but is now recovering. Yesterday's planned Parliamentary session, which had to be postponed as a result, will now be held on Friday, when Gen. Jaruzelski is expected to deliver a key speech declaring the Government's intention to work with the unions and resolve conflicts peacefully.

Mr. Stefan Olszowski, a noted hard-liner in the leadership, has, meanwhile, lent his support to the Grunwald Patriotic Association. This is a small group who claim that the terror in the Stalinist period was solely the responsibility of Communists of Jewish origin in the security police.

In yesterday's issue of the newspaper Sztander Mlodych, Mr. Olszowski was reported to have told party activists at the Warsaw steelworks that Grunwald would be officially registered. "It defends the persecuted and introduces many values," he said.

Ceausescu urges freer unions

BUCHAREST — President Nicolae Ceausescu of Romania yesterday urged trade unions in his country to take a larger role in national life and suggested measures to give unions greater autonomy.

Mr. Ceausescu was speaking at the opening of Romania's national trade union congress, which is expected to be strongly influenced by the crisis in Poland. The congress is expected to adopt a draft platform calling for a "deepening of working class democracy" and better representation of union members.

Reflecting the complaints of the Solidarity independent trade union in Poland, Mr. Ceausescu said: "Party organisations should not oversee trade unions, but should act through party members inside the trade unions." Nevertheless, they should remain the "leading force" in national life, he said.

At the same time, he called for general implementation of a 46-hour working week and said the country should start phasing in a 44-hour week in 1982.

The majority of Romanians work a 48-hour week, the longest in Eastern Europe.

The draft platform, introduced by the central council of the Romanian Trade Union Confederation, included several promises of improvements for workers. It also found fault with unions for failing to establish closer contacts with members and for not taking enough interest in their social and economic life.

Without mentioning Poland by name, the President called for "full equality in right, observance of independence and sovereignty, non-interference in internal affairs, non-use of force and threat of the use of force," in international relations.

AP

Argentina seeks big improvement in current deficit

BY ANDREW WHITLEY AND PETER MONTAGNON IN MADRID,

ARGENTINA EXPECTS its deficit on the current account balance of payments this year to improve by $3bn (£1.3bn) as a result of the emergency package of measures announced last week, which included a 23 per cent devaluation of the peso.

Sr. Lorenzo Sigaut. Argentina's newly appointed Economy Minister, said the deficit was now expected to be in the $2bn to $2.5bn range, instead of $5.5bn expected previously.

Foreign currency has already started to flow back into the country. The reserves improved by some $300m on Thursday and Friday last week when the markets in Buenos Aires reopened.

The Government is hoping that the shock effect of its second significant devaluation within a month, followed by a month of "crawling peg" exchange rate adjustment of 2 per cent, will prove sufficient to stabilise domestic interest rates and deter the outflow of currency. This was officially said to have reached $3bn in the first quarter.

Argentinian bankers are less optimistic, however, about the Government's propects of holding down the inflation rate to its target of 3 per cent a month. They point out that before the latest package the inflation rate had reached 10 per cent a month, more than double the official estimate.

Bankers attending the annual meeting of the Inter-American Development Bank in Madrid say that, privately, the Argentinian Government has indicated its willingness to allow a 4 per cent monthly adjustment in the exchange rate, to maintain the competitiveness of exports. But they expect that it will probably be forced to accept an even more realistic devaluation eventually.

The Economy Minister said that key interest rates had declined by about 15 per cent since the new measures came into force. The aim was to bring the 30-day deposit rate charged by the commercial banks down to the 60 per cent level.

With the expected rise in the foreign exchange reserves over the next few weeks, the Government plans to repay all its short-term foreign debts.

Landmark victory for San Antonio mayor

BY DAVID BUCHAN IN WASHINGTON

MR. Henry Cisneros became the first Hispanic-American — the fastest growing minority in the U.S.—to take control of a major city when he won a sweeping victory over the weekend for the mayoralty of San Antonio in Texas.

A middle-of-the-road Democrat, Mr. Cisneros clearly broadened his appeal beyond ethnic or racial lines, winning 62 per cent of the vote. The proportion of Mexican-Americans is only 53 per cent in San Antonio, the ninth biggest city in the U.S.

The victory is a landmark in the political rise of Hispanic-Americans, who in some areas of the U.S. such as southern Florida, California and South Texas, now hold the balance of political power.

From the start of his election campaign last year, Mr. Ronald Reagan wooed the Hispanic-Americans. This paid off in his high margin of victory in Texas over President Carter. Mr. Reagan's stress on the need for better relations with Mexico could be expected to perpetuate his appeal.

But Mr. Reagan may have committed a serious protocol gaffe in Mexico City by naming Mr. John Gavin, a fellow former actor, as the new U.S. envoy. Mr. Gavin had a Mexican mother, speaks Spanish and has a degree in Latin American economic history.

But Mexicans are reported to find it difficult to take him seriously because Mr. Gavin is to most of them "Mr. Bacardi" of widely-shown television commercials.

'Don't know' voters hold key to Quebec

BY ROBERT GIBBENS IN MONTREAL

Mr. Levesque: soft-pedalling on sovereignty

MR. RENE LEVESQUE, Premier of Quebec, is making a comeback in popular favour after his sharp defeat last May when the electorate turned down his proposal to negotiate sovereignty for the French-speaking province in economic association with the rest of Canada.

But good though his showing and that of his Parti quebecois are in the public opinion polls, they give him no more than a fighting chance to retain power in next Monday's election. The ebullient Mr. Levesque's personal popularity has been the main factor in what appears to have been a swing of opinion away from the Quebec Liberals under Mr. Claude Ryan, the real victors of last year's referendum.

The Liberals believe the tide has been flowing in their favour once more in the closing phases of the campaign. Moreover, Mr. Maurice Pinard, a sociologist of McGill University in Montreal who has been in charge of the Sorecom poll, believes polls are liable to overstate support for the Parti quebecois. He reasons that because of the party's supporters' devotion to the underlying separatist attitude, they are more likely than others to state their intentions to the poll takers.

The Sorecom poll gave the Parti quebecois 44 per cent, compared with 38 per cent for the Liberals and 5 per cent for the Union nationale, a federalist group which once controlled the province. In 1976 the Parti quebecois created a sensation by thrashing the Liberals, although it had only 40 per cent of the total vote, under a British-style "winner-take-all" constituency system.

But at that time the Union nationale split the anti-separatist vote with a 20 per cent share of the electorate. This time the issue is more likely to be decided by the 12 per cent "don't knows" in the Sorecom poll. Given their importance, and the result of last year's referendum, Mr. Levesque has been soft-pedalling the issue of sovereignty during the campaign.

Mr. Levesque remains clearly more popular personally than the austere Mr. Ryan. The poll showed 59 per cent were satisfied with the performance of the provincial government and 39 per cent unsatisfied. More of those polled believed the ruling party was more capable of handling Quebec's problems, except for unemployment, running obstinately at around 10 per cent. They were about evenly divided on unemployment, while about 64 per cent said the economy was the most important campaign issue.

However, 44 per cent believed the Quebec Liberals will win the election, against 41 per cent who expect the Parti quebecois to retain power.

The Parti quebecois has made tremendous efforts to get across its argument that it has provided good government and would continue to do so, especially for Francophones. Mr. Levesque may have made some mileage by appealing to Francophones to support his party's pro-French language policy and by calling the Quebec Liberals a "shadow" of the federal Liberals under Mr. Pierre Trudeau, the Prime Minister.

Mr. Levesque and Mr. Ryan have been rivalling each other in trying to make economic promises, particularly to women and student voters. These are in the form of grants, tax breaks, and other measures potentially costing hundreds of millions a year, despite protests by both sides that the province's prospective deficit of C$3bn (£1.13bn) for 1981-82, about the same as 1980-81, is far too high.

No clear-cut programme has come from either side. However, each party knows that many votes could swing towards them from these two groups.

The argument raging in Ottawa about giving Canada its own constitution, with a Bill of Rights attached, has played no large part in the Quebec campaign. Both Mr. Levesque and Mr. Ryan dislike the constitutional package put forward by Mr. Trudeau.

But at least some Quebec voters may feel it is wisest to counterbalance the Liberal centralist Mr. Trudeau by leaving Mr. Levesque in charge in Quebec City. In February, 1980, Quebec voted overwhelmingly Liberal in a federal election. But it would be nothing unusual for the voters to go another way in a provincial contest.

Moscow will pay damages

BY OUR OTTAWA CORRESPONDENT

THE SOVIET UNION has formally agreed to pay Canada C$3m (£1.13m)—less than half the original claim—for damages caused by the disintegration of a Soviet satellite over the North est Territory in 1978.

The nuclear-powered satellite. Cosmos 954, crashed through the atmosphere in January 1978, and disintegrated over a largly barren and unpopulated area

Only a fw pieces of the satellite which carried radio-active power cells, were found

Monetary policy 'ineffective'

By David Marsh

U.S. money supply policies were criticised as ineffective by a leading American monearist in London yesterday.

Mr. Lawrence Roos, president of the Federal Reserve Bank of St. Louis, said monetary policy-makers in the U.S. had failed to achieve a significant reduction in money supply growth during 1980 and had been unsuccessful in promoting economic and financial stability.

The St. Louis Fed is one of the region operating arms of the Federal Reserve System, the U.S. central bank network.

Mr. Roos called on the Federal Reserve to allow interest rates to fluctuate freely and to give up trying to control anything except the monetary base, or total bank reserves.

Mr. Roos is in London to study British attempts at monetary control.

Mexico and Venezuela discuss Salvador crisis

BY WILLIAM CHISLETT IN MEXICO CITY

A JOINT initiative for a political settlement to the civil war in El Salvador is expected to emerge from talks which began in Mexico City yesterday between President Luis Herrera Campins of Venezuala and Sr. Jose Lopez Portillo, the Mexican President.

Mexico and Venezuela, the two oil powers in Latin America, which together supply central American countries with their oil needs on favourable terms, are beginning to co-ordinate policy towards El Salvador after a period of competing for influence.

Venezuela supports the junta in San Salvador and Mexico backs the Left. Their moves towards a joint approach reflect the concern that both countries feel over increasing U.S. involvement.

The two countries fear that U.S. support for a military solution could cause the already high level of violence to worsen and create "a new Vietnam."

About 13,000 people are thought to have been killed in El Salvador in the past 19 months.

Mexico and Venezuela regard central America as being as much their zone of influence as that of the U.S. They now believe that it is in the interests of all parties to find a peaceful solution to the El Salvador fighting.

Venezuela's links with the Christian Democrats in the Salvadorean junta and Mexico's good relations with the Left give the two countries an opportunity to try to bring the two sides together. For two months they have been encouraging the two sides to seek a negotiated solution.

A senior Mexican Foreign Ministry official said yesterday that the two Presidents would now "explore all possibilities." Both sides were willing to mediate if asked.

There have been various El Salvador peace initiatives by other countries in the past few months but none has made any progress.

The Mexican President is due to meet President Ronald Reagan for two days at the end of this month. If agreement on a joint approach is reached with the Venezuelan leader. Sr. Lopez Portillo is expected to put their ideas to Mr. Reagan.

Canadian oil output down

By Victor Mackie in Ottawa

CANADIAN production of crude oil and natural gas declined in 1980, while production from Alberta's *oil sands* increased, according to the annual report of the Government's National Energy Board, issued yesterday.

The report says oil production *dropped to* about 1.56m barrels a day (b/d) last year, down 4.6 per cent from the 1979 level. Canada imported about 400,000 b/d in 1980.

Exports of light crude to the U.S. were restricted to negligible quantities

Natural gas production decreased by 9 per cent to a total output of 69.3bn cubic metres. About 42.7bn cubic metres were sold to Canadian customers.

The report commented that natural gas production was tempered in 1980 by the lack of an oil-pricing agreement between the producing provinces and the federal government, by reduced domestic requirements and by decreased exports to the U.S.

Rebuke for U.S. over $174m delayed payments

BY HUGH O'SHAUGNESSY IN MADRID,

THE U.S. was given a rebuke yesterday by Sr. Antonio Ortiz Mena, president of the Inter-American Development Bank, who said that the Reagan Administration's delay in paying $174m (£77m) subscriptions to the bank was holding up receipt *of another $179m from other* countries.

Sr. Ortiz Mena's comments during his opening speech to the bank's annual meeting, came as delegates waited with interest for the comments of the U.S. delegation which is expected to reaffirm the Reagan Administration's reluctance to make available money on concessionary terms to development banks.

Delegates were told by Sr. Ortiz Mena that because other countries as well as the U.S. were behind with their capital subscriptions the bank's resources would not finance the required lending porgramme for 1983 and thereafter. As a result he indicated that the bank would be seeking further replenishment of its funds shortly.

On bank policy Sr. Ortiz Mena pledged the bank to be more active in mobilising funds for specific development projects especially in the food and energy sectors.

He evoked the twin spectres of mass-urban unemployment and hunger in Latin America in the 1980s in his speech to the meeting which was inaugurated by King Juan Carlos.

During an often gloomy speech Sr. Ortiz Mena referred to forces "which seem about to overwhelm and to alter the course of contemporary civilisation in unimaginable ways."

He pointed to the growing social pressures and tensions in Latin America and said that nearly 3.7m new jobs had to be found annually. "The fundamental challenge in the social field today is to create new job opportunities particularly for the rapidly growing urban populations."

The flight of workers to the cities was also placing severe burdens on food production which had to be increased by 45 per cent overall in the decade. The supply of food to the cities alone would have to rise by 60 per cent in the 1980s. To prevent further drains on the region's balance of payments, Latin America had to attain self-sufficiency in food within the decade.

Expansionists may be winning on oil production

BY OUR MEXICO CITY CORRESPONDENT

THERE ARE signs that Meico's oil expansionists are winning. The debate over whether the country, the world's largest oil producer, should expand or hold constant its production.

However, remarks made last week in separate speeches by Sr. Jorge Diaz Serrano, the Director-General of Pemex, the state oil concern, indicated that important differences of opinion continue over the issue.

While Sr. Diaz Serrano, an expansionist, said Mexico had to "learn to live with oil," Sr. Oteyza, who favours a more conservationalist approach, drew attention to the deteriorating position o fthe non-oil sector, particularly agriculture and manufacturing industry and the need to boost non-oil exports, which declined in real terms in 1980.

Oil accounted for 67 per cent of Mexico's total visible exports of $15.3bn (£6.8bn) las year and this year it will be as high as 80 per cent.

Mexico's oil production has almost tripled in the past four year to 2.5m barrels a day (b/d), and proven hydrocarbon reserves haev risen elevenfold to 67.8bn barrels, the world's fifth largest. This is sufficient to sustain present production for 60 years.

Mexico will reach its current production platform of 2.75m b/d in the second half of this year.

The Government has said repeatedly that it will not keep turning up the oil valves so quickly and its recent energy plan, prepared by the Industry Ministry, embodies a more conservationalist policy. However the temptation to expand production is great.

Mexico's oil has come on stream much faster than the Government ever expected, particularly offshore in the Bay of Campeche, which now produces half the total production. At the same time the country's need for finance to fund social projects is enormous.

"Pemex is punching holes in the ground as fast as it can," said a U.S. banker. Wells, once found, can be shut off and used when a decision to raise production is taken.

Pemex is thought to be manoeuvring itself into a position whereby the next president, due to be elected in 1982, could turn up the oil valves almost instantaneously.

There are, however, powerful nationalistic lobbies against exporting too much oil and several factors suggest that an expansionist policy will be continued although perhaps not to the same degree as in the past few years.

KUWAIT'S OIL PREMIUMS

Halt in contracts confirms Gulf oil price slide

BY PATRICK COCKBURN

THE suspension of most oil contracts between Kuwait and its main customers is the most significant indication this year that the drop in oil consumption in the West and the continuing high level of Saudi crude exports is eroding Gulf oil prices.

Over the past year the Kuwaitis have sold part of their 1.5m barrel-a-day production at the official Gulf price of $35.50 a barrel. The rest has carried a $5.50 a barrel premium. BP, Shell and Gulf Oil have pressed *vigorously over the past three* months for this premium to be removed.

With spot prices low and no sign of the depression in the West ending the oil companies argue that there is no way that the present level of surcharges can be justified. At the beginning of this year BP and Shell, together with the Japanese, negotiated oil contracts with Iran which had only very small *premium on top of the official* price.

The oil companies are now *resolutely asserting that their* opposition to the new contracts proopsed by Kuwait, whereby *there will be a premium on all* crude of $2-$3, is not simply a negotiating ploy. They also doubt whether Kuwait will be able to find other customers at the prices now demanded.

If Kuwait does reduce its oil premiums substantially this will have an impact on other Gulf producers such as Qatar which also charges a premium. But the Kuwaitis, with foreign assets of some $67bn, are under no financial pressure to come to an agreement.

They are willing to cut their *production from its present* 1.5m b/d level (compared to 3.3m b/d in 1973) to perhaps *1.2m b/d or below.*

KUWAIT OIL PRICE MOVEMENTS
(Kuwait 30° API)

Dec. 1978	$12.22
May 1979	$16.40
Nov. 1979	$25.50
May 1980	$29.50
July 1980	$31.50
Jan. 1981	$35.50

Source: MEES

Kuwait's Oil Minister, Sheikh Ali Khalifa al-Sabah, probably the most influential minister from an OPEC country after Sheikh Yamani of Saudi Arabia, *continues to stress that there is* no sustained oil surplus in the world. But his strategy is partly *dependent on Saudi Arabia* reducing its current output from 10.3m b/d. This Sheikh Yamani, to the irritation of Kuwait, has refused to do.

"I don't think the companies are going to give in; nor will the Kuwaitis," one oil trader said yesterday. This determination has led the negotiations to be accompanied by short tempers on both sides. "Normally calm people are getting very *agitated," said* an oil company official.

Two years ago the producing countries were in an overwhelmingly strong negotiating position as oil companies lost their contracts in Iran. The outbreak of the Iran-Iraq war again sent spot prices soaring but the impact of the conflict on prices has been limited. Earlier this year the French discovered they did not need the extra crude from Saudi Arabia they had negotiated.

The outcome of the current dispute between Kuwait and the oil companies will be the test case which will affect oil prices for the rest of the year.

The greening of Egypt

BY ALAN MACKIE IN CAIRO

PRESIDENT ANWAR SADAT celebrated the second anniversary of Egypt's "green revolution" recently by visiting a model reclamation project. As he walked through lush green fields he declared that what had been achieved was "nothing short of a miracle."

Not everyone in the land reclamation business, observing the muddle in policy-making and the emphosis on slogans, would necessarily concur.

Land reclamation is vital if Egypt is to redress the loss of agricultural land to its sprawl*ing cities and feed the 60m to* 70m Egyptians expected by the turn of the century. The *present population is 43m. In* addition, reclamation could eventually provide jobs for up *to a quarter of the 300,000 to* 400,000 young people who come on to the labour market each year, many of whom have nothing useful to do.

Reclamation is, therefore, being given top priority. But the investment is huge, a minimum of $2,000 to $3,500 an acre for basic desert reclamation close to water (without factories to process the produce), but up to twice that amount in difficult areas. And the aim is to reclaim 2.3m acres by the year 2000.

Although the Government will be ploughing a large amount of its oil revenue into reclamation — Egypt produced 580,000 barrels a day last year—it will be relying on the private *sector (foreign and local) to* make up the difference.

This would be easier if projects and priorities were sorted out, as it would attract more soft aid, from the World Bank, for example, that would make the job of attracting foreign private investment that much simpler.

But there are other inhibitions. Investors could not reasonably expect to recoup their investment in less than 20 years, too long in a country which less than a generation ago was dispossessing investors of everything they owned. Nor would appreciating land values lessen the risk. Joint ventures may lease land only for up to 50 years.

Yet interest in Egypt's booming food market—worth about $3bn this year—has never been higher and some foreign companies have shown interest in reclamation sites with a "payback" of only six years

Such sites exist, usually close to irrigation canals like the Ismailia Canal (which is being enlarged) and West Nuberiyah, in Tahrir Province, where Guinness Peat is heading a British consortium interested in setting up a sugar beet farm.

But very few foreign companies have cleared the bureaucratic hurdles and the experience of those that have has not encouraged the others. The main complaint is that the authorities do not stick to their agreements: particularly resented is the recent require*ment for the private sector to* pay international prices for energy and agricultural inputs, while the public sector is still subsidised. Another is how the Egyptians themselves (with a few honourable, exceptions) approved reclamation. The experiences of soft drinks manufacturers Pepsico and Coca Cola *give some examples.*

Pepsico's venture at Salheya; between Ismailia and Cairo, with the powerful Arab Contractors (Osman Ahmad Osman) to produce vegetables and dairy produce was disbanded last summer, and Pepsico's involvement downgraded to "adviser." Given the present bias in favour of the public sector it made sense for the project to be restructured under Arab Contractors' public sector company. But this was not the whole story, *because Pepsico's independent* management team, a group of Arizona farmers, were quite separately unhappy with the Egyptian trainees lackadaisical approach to training.

Coca Cola encountered a veritable quagmire of problems with its citrus joint venture near Ismailia. Not all the troubles could be attributed, as some critics did, to the fact that some of their men had never worked outside the U.S.

Essential machinery "disappeared" at Alexandria, and a $40,000 consignment of orange seeds perished at the dock side because "the right man" was not there to *release* it. The company ran into difficulties with the armed forces, who *refused to give up 3,000 of* the 15,000 acres originally allotted to the project, so making it unviable.

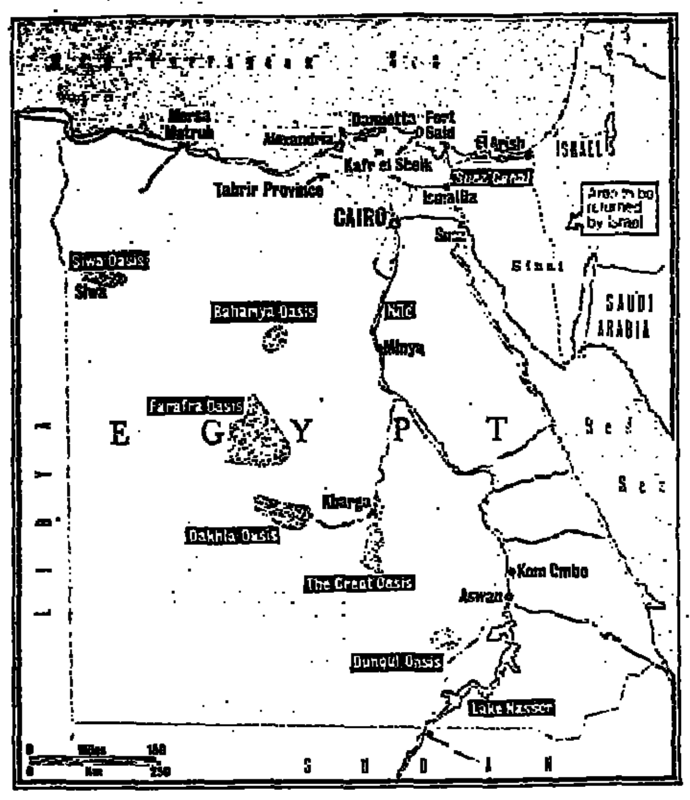
That, Coca Cola might have lived with. What killed the project was the decision to cut by a quarter the canal water intake. "They didn't understand that this meant the difference between an eight and a 20-ton an acre crop," said one expert. Coca Cola has since halved its 50 per cent stake, thus ceding administrative responsibility.

It is thus not surprising that foreign companies have tended to take the easy option (possible now that the Egyptian private sector has found capital of its own) and come in as advisers.

The appointment of President Sadat's old friend and confidant Osman Ahmad Osman, the millionaire founder of Arab Contractors, as deputy premier *in charge of food, security and* related problems, may help. But as one Egyptian ruefully put it: "The problem is reconciling the requirements of a President impatient for results with scientific planning and execution."

Unless Egypt does that, it runs the risk of repeating the disastrous reclamation experiences of the 1960s. Then it spent E£350m (£229m) on *reclaiming 1m acres. Only* 400,000 acres of those are now in production. But 100,000 *acres of those are in marginal* use.

Selling livestock to Egypt, Page 6



Principal areas already reclaimed: Siwa Oasis and *the New Valley Oases of* Kharga and Farafra; Tahir Province southwest of Alexandria; Part of the northern Delta near Kafr El Sheik; Kom Ombo Basin and pockets on both sides of the Nile near Minya; around Ismailia, and along the Isma Lia Canal.

Areas to be reclaimed: All the oases; isolated pockets west of Oswan and along the *West Bank of Lake Nasser;* around Ismailia and the Ismailia Canal stretching up *northwards towards Port* Said; a strip on the East bank of the Suez Canal opposite *Ismailia running south and* south-east of Suez in Sinai; the area around El Arish and *the part of Sinai to be* returned to Egypt next year. Tahrir Province is a major reclamation area (it includes West Nuberiyah)

A sweet-water canal is *being dug linking the* Damietta branch of the Nile with Sinai 20 kilometres *south of Port Said. This pro*ject will drain 400,000 acres of marsh, which will then be *reclaimable.*

Lebanese army drawn into fighting

By Ihsan Hijazi in Beirut

THE Lebanese army is now directly involved in the conflict between Syrian troops and Right-wing Christian militias, thus deepening the national divisions and prompting Moslem and Left-wing groups to declare a mobilisation.

Five soldiers have been killed and 51 wounded in clashes during the past four days along the greenlines separating the Moslem and Christian sections of the capital, according to military communiqués.

After a relatively quiet Sunday night, artillery duels broke out yesterday between army positions and those of the Syrian-controlled Arab deterrent Force in Beirut's eastern suburbs, mainly in Al Hadath, thus shattering yet another ceasefire, which, papers said, was the 16th since the large-scale hostilities erupted five days ago.

Syrian troops, furthermore, were reported to have tightened their siege around the mainly Christian town of Zahle 30 miles to the east, forcing the Christian militias to fall back to the mountains overlooking the city.

Syrian officials and media have made it clear their troops were determined to keep firm control on the Bekaa valley where Zahle is located, considering it an extension of Syria's own security.

The bombardment of Zahle itself has died down, and the shelling is now concentrated *around the hills* surrounding the town.

"Voice of Lebanon," the private radio station of the right-wing Christian Phalange party, claimed yesterday that Soviet "military advisers" have joined Syrian troops in Lebanon.

Analysts have dismissed the report as part of the psychological warfare intended to impress the U.S. while its Secretary of State, Mr. Alexander Haig, is in the Middle East.

There was no sign that Syria has sent new reinforcements to join its 22,000 troops already in Lebanon because of the new round of fighting.

The leftist alliance known as the National Movement has decided to mobilise its forces after its leader, Mr. Walid Junblat, called followers in the *mountains to* prepare for what he terms the "inevitable battle."

Editorial Comment Page 18

Haig fails to convince Begin on Saudi arms

By David Lennon in Jerusalem

ISRAEL and U.S. are in complete agreement about the need to halt Soviet penetration in the Middle East following the visit of U.S. Secretary of State Alexander Haig, but remain divided about the way this should be achieved.

Mr. Haig failed to convince Israel that selling sophisticated U.S. weapons to Saudi Arabia was essential for the strengthening of Western defences in the region. After a day of talks Israel still insisted that this would do *little to enhance regional* security while endangering Israel's security.

During the second stop on his four-nation tour of the Middle East, the Secretary of State told the *Government of* Mr. Menahem Begin that America "would ensure that *Israel maintains its qualitative* edge" over the Arab military forces. He also promised to seek more economic aid to ease Israel's debt burden.

The Jerusalem Government was pleased with these assurances and Mr. Haig's constant repetition of America's unshakable support for Israel, which the Secretary referred to as an important ally.

It was clear that Jerusalem welcomed the friendly and supportive approach of the new Administration after the cool and often strained relations which existed with the Carter White House.

Mr. Begin said at *the end* of the visit that "agreement was reached on very serious points." *He refused to specify the* areas of agreement but added that "there *will be closer co-operation* in future" between the two countries.

On the fighting in Lebanon, an area of major concern to Israel, the Secretary also pleased Jerusalem by revealing that the U.S. "has taken some unprecedented steps in the last 48 hours" to try to halt the "unacceptable" actions of the Syrians in Lebanon.

But though the UN was sending a special envoy to Beirut, and Washington had talks with a number of countries about the fighting, Mr. Haig said: "I am hopeful but yet cannot express optimism" that there will be a *return to* calm in Lebanon.

Machel visits Swaziland

LISBON — Mozambique President Samora Machel yesterday left Maputo at *the head of* a top Frelimo delegation for talks with leaders in neighbouring Swaziland, it *was reported* in Lisbon.

Accompanying President Machel on *the mission* to Mbabane, the Swazi capital, were Foreign Minister Joaquim Chissano, and Major Gen. Tome Eduardo, commanding officer of Mozambique's border troops.

It is believed the two states were meeting to confer on a South African commando raid on a Maputo suburb in January. Swaziland borders on its three remaining sides with South Africa.

AP

Italy wins £65m orders from Libya

BY RUPERT CORNWELL IN ROME

ITALIAN companies have won major new orders in Libya for a total of $300m (£65m), underlining the importance of Col. Muammar Gaddafy's regime as a foreign trade partner for Rome.

The latest contracts have been won by a group of companies headed by Impresit, a civil engineering subsidiary of Fiat, and Techint, a Milan-based contract engineering concern.

They cover various water purification projects, repair workshops and electric power installations for the Misurata steel complex being built in Libya.

The deal is also understood to contain provisions for Libyan personnel to be trained by the Italian companies. For its part, Techint has won separate orders worth $40m in all to supply three fully-automated bakeries to Libya.

The various orders come on the eve of the opening in Rome of a top-level seminar, the subject of which is the interdependence of the economies of oil producers and consumers.

The three days of discussions, which are being organised by ENI, the Italian state energy agency, and promoted by the Italian, Arab and other Mediterranean country governments, will be attended by 21 Ministers and the heads of both OPEC and the Organisation of Arab Petroleum Exporting Countries.

Among these, Libya is arguably the most important to Italy in terms of foreign trade. Libyan orders to Italy could increase if Italy can draw full advantage from the current Libyan development plan, worth about $50bn over five years.

● Gulf Petrochemicals Industries Company, a joint venture between Bahrain, Kuwait and Saudi Arabia, has announced the award of a dredging and land reclamation contract to Van Oord (International) BV of the Netherlands, Mary Frings reports from Bahrain.

The twin methanol and ammonia complex is to be built on 600,000 sq metres of reclaimed land on the east coast of Bahrain. Mobilisation of equipment will begin immediately and dredging works are expected to start in July.

Reuter adds from Dusseldorf: A consortium of West German and Austrian companies has a DM 700m (£152m) order from the Libyan Ministry of Heavy Industry to build a turnkey plant to produce sponge iron, Korf Engineering GmbH, one of the consortium members, said.

Brazil restores export incentives

By Rik Turner in Sao Paulo

THE BRAZILIAN Government has reintroduced fiscal incentives for exports of manufactured goods. Justified as offsetting the current oscillations in the major currencies, the incentives are on the industrialised goods tax, with reductions of 15 per cent this year, 9 per cent in 1982 and 3 per cent in 1983. The move came as a surprise to manufacturers and economists, given the Government's policy of reducing "distortions" in the economy caused by state intervention. In a package of measures in December, 1979, the Government abolished all fiscal incentives, which at the time were to go up to 30 per cent of the tax. The negative *effect on exporters was offset* by a 30 per cent devaluation of the cruzeiro.

The move was highly inflationary, and all sides, including the Government, now admit that the exchange rate *cannot* be used to stimulate exports. However, the abolition of the incentives, which was welcomed by Brazil's trading partners who had previously criticised Brazil for dumping and reprisals, made the move necessary if Brazil was to achieve export targets in 1980.

Now, with the reintroduction of fiscal incentives, the question is how those same trading partners will react.

The U.S. recently removed Brazil, along with a number of other developing countries, from a list for preferential treatment for imports.

Britain boosts its sales to Mexico

By William Chislett in Mexico City

MEXICO was the UK's largest export market in Latin America in the first two months of 1981, overtaking the traditional markets of Argentina, Brazil and Venezuela.

According to Department of Trade statistics, released by the British Embassy in Mexico City, the UK's exports for January and February totalled £28.5m, up 29.5 per cent from the corresponding 1980 period.

This made Mexico the UK's main Latin American market for the first time ever.

Mexico's exports to the UK in the same period were £22.9m, up 55.9 per cent, making Mexico the UK's second largest Latin American supplier after Brazil.

The greatly increased flow of trade between the two countries is in marked contrast to the general decline in UK exports to Latin America as a whole, which were down 10.6 per cent.

On the UK side, the oil-driven Mexican economy, which for the last three years has grown in real terms by an average annual rate of 7.6 per cent, offers numerous opportunities.

Mexico's own trade to the UK is rising because of higher prices for its silver and the exporting of crude for the first time for refining and re-export.

The UK's trade surplus with Mexico last year was £76.5m compared with £98.5m in 1979.

China 'to roll back threat to Japanese contracts'

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

CHINA HAS decided to withdraw its decision to suspend or cancel a number of Japanese petrochemical contracts, according to members of a Japanese business delegation which has just returned from Peking.

In return, the Chinese appear to be expecting substantial additional financing. This could include the introduction of a deferred payments system (instead of cash payments) for the foreign exchange portion of the contracts and the extension of soft loans by the Japanese Government to cover internal costs.

The sums *involved* could amount to as much as Y600bn (£1.2bn).

Japan is extremely reluctant to make additional loans to China but a group of government leaders, including Mr. Zenko Suzuki, the Prime Minister, appears to have decided that this represents the only way out of the contract cancellation problem.

Refusal of the Chinese request would mean that China would revert to its original cancellation decision.

The Chinese have consistently said they want to compensate Japanese companies whose contracts are cancelled, but it appears that they do not in fact have the cash to do so.

The Chinese are expected to make clear their proposals on both contract reinstatement and Japanese financing when a mission headed by the Vice Chairman of the State Planning Commission arrive in Tokyo later this week.

Pending the arrival of the mission, *the impression* is that China will offer to reinstate contracts for the petrochemical complexes at Shengli and Nanking (in part) but will stick to its decision to suspend operations on two other projects in the Peking municipal area.

China's decision to reinstate the Shengli and Nanking projects appears less dramatic when set against the fact that 70 to 80 per cent of the components for Shengli and 35-40 per cent of those for Nanking have already been shipped by the Japanese suppliers.

Construction of the projects is still at an early stage. This may explain why the bulk of China's financing needs from Japan are to cover domestic costs rather than for foreign exchange costs.

China has indefinitely postponed work on the second phase of the huge Baoshan steel complex outside Shanghai. There appears to be no question at present of any change in the status of this project.

Work on phase one has begun, but China is asking additional loans from Japan to cover domestic financing costs, in addition to deferred payments on the foreign exchange portion of the project.

Japan's reluctance to offer new loans to China stems partly from the fact that soft loans totalling Y106bn have already been promised for a variety of infrastructure projects.

Carrington calls for restraint

BY OUR TOKYO STAFF

LORD CARRINGTON, the British Foreign secretary, called for Japanese export restraint and for the opening up of the Japanese market to imports at a meeting yesterday with his Japanese counterpart, Mr. Masayoshi Itoh.

He also suggested increased collaboration in third markets, more Japanese investment in the UK, and greater technical exchanges as ways to improve the two countries' economic relationship. The proposals were made at a one-day session of *talks during which* the two Ministers reviewed all aspects of Japan-UK relations besides comparing notes on international issues such as Poland and the Middle East.

The background to Lord *Carrington's five-point proposal* is growing public concern about the widening imbalance in Japan's favour on UK-Japanese trade. In 1980 the Japanese surplus for the first time exceeded £1bn with Japan exporting £1.7bn and importing only £597m worth of goods from Britain.

Mr. Itoh is understood to have countered Lord Carrington's five points by claiming that UK economic difficulties were not caused by Japanese exports. He also said that Japan's quantitative restrictions on imports were very limited and that Japanese investment in Britain was considerable.

The two ministers avoided getting into a detailed discussion on specific export issues such as cars. However, Lord Carrington is believed to have taken up the car issue in more detail at a meeting with Japan's official special trade representative Dr. Saburo Okita.

The question of whether Japan can stay within the 11 per cent share of the UK car market to which it is committed under an unofficial gentlemen's agreement has recently been causing concern in the UK industry.

Apart from exchanging views on bilateral economic issues the two ministers reviewed the question of whether next July's Ottawa summit should or should not discuss the issue of Japan's trade surplus with Europe.

Lord Carrington took the view that Japan-EEC trade relations would inevitably come up at the summit as an issue of global importance. Mr. Itoh *said it was "inappropriate"* for the summit to take up what was essentially a bilateral matter.

During his remaining one-and-a-half days in Tokyo, Lord Carrington is due to meet Prime Minister Zenko Suzuki and Mr. Tanaka, the Minister of International Trade and Industry. He will also have a brief session with the director general of the Defence Agency.

Toyota, Nissan sales to U.S. fall

BY RICHARD C. HANSON IN TOKYO

EXPORTS IN March of cars and trucks to the U.S. by Toyota and Nissan, Japan's two top motor companies, fell 20 per cent below comparable levels of a year ago, the companies said yesterday.

The figures were disclosed as *a U.S. mission arrived to brief* Japanese Government officials on planned steps to rehabilitate the U.S. motor industry. The talks, however, will not directly cover the issue of what to do about Japanese exports to the U.S.

The Japanese manufacturers have been watching cautiously the progress of discussions on the car import issue. The latest round came when Japan's Foreign Minister visited Washington last month. Then, the U.S. side indicated strongly that it expects Japan voluntarily to hold down exports to allow greater room for the U.S. *industry to recover.*

The latest shipment figures by Toyota and Nissan indicate that exports are indeed tapering off from last year's record levels.

Toyota said its preliminary *figures indicate that March* shipments were down 20 per cent from a year ago. Nissan said that it shipped 46,617 vehicles last month, a drop of 19.4 per cent.

Shipments have slowed since February partly because of price increases in the U.S. by Japanese car makers. The Japanese companies have reacted coolly to suggestions of *deliberately limiting* shipments to the U.S.

They argue that such voluntary limits might run foul of anti-trust laws if not required by Government order.

It appears the U.S. will press Japan to limit *shipments* to a specific level, based perhaps on imports of two or three years ago.

Swedish wind-power deal

BY WESTERLY CHRISTNER IN STOCKHOLM

SVENSKA VARV, the Swedish state-owned shipyard group, has won a contract worth SKr 200m (£99m), involving what is believed to be the world's first major commercial wind-power project, in Hawaii, the company announced.

The Swedes have a joint venture with Hamilton Standard, a U.S. aerodynamics/industrial group for the project, sited on the island of Oahu. Svenska Varv's part of the deal calls for deliveries of mechanical components.

Twenty units, placed in *groups of "windfarms," will* account for some 10 per cent of Oahu's electrical power generating requirements. The total generating output will be 4MW. It is estimated that the state will be able to save upwards of 100m litres of oil per year when the units are operating at full capacity.

Garuda gets Airbus loan

By Our World Trade Staff

GARUDA, the Indonesian airline, has received $250m in credits from European banks for the purchase of six A-300 Airbuses, which are to be delivered by 1982.

A further $261m credit has been raised from U.S. banks for the purchase of four Boeing 747s to fulfil the airline's three-year fleet expansion programme.

Farmkey meets a Mideast challenge

BY KEVIN D'ARCY

THE IDEA of selling British goats to a Middle Eastern country *cannot* be thought of as an easy challenge.

Even more intimidating is the prospect of taking charge of a run-down farming property attached to Egypt's University of Alexandria and turning it into a breeding site for the world's best meat.

But a British company, Farmkey of Banbury, convinced the Egyptian Government it was up to both challenges, and as a result has won a 30-month contract under which it has taken over management of the university's 450-acre livestock breeding site.

Under the £1.5m deal, Farmkey is setting up a system for the breeding of top quality meat. The company is providing basic stock from the UK—200 cows, 45 sheep and 30 goats. It has also arranged for the delivery of new tractors and farm equipment to get the site operable—it had been in a run-down state since the departure of Russian advisers in the mid-1970s—and it is reviving the farm site's draining system.

The man behind the project is Mr. Randal Charlton, Farmkey's managing director.

He stumbled across the site on a scouting mission three years ago. When he asked to *see the farm and made his* ideas known about the livestock-growing potential of the site, he was told by the university dean that the school did not have the money to undertake such a project.

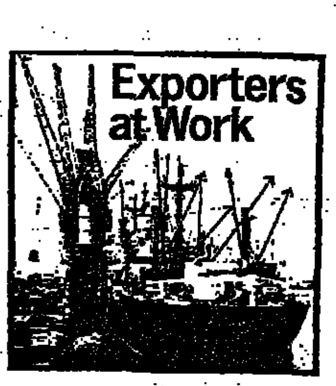
Faced with a challenging project, but with no contract nor any financing immediately available, Mr. Charlton set out on what proved to be an arduous and lengthy quest for financing, with, he noted recently, little help from British commercial counsellors on hand in the area.

"How often have I heard commercial officers in British embassies say 'We're not here to help you get contracts,'" he said.

Luckily, he found Morgan Grenfell, the UK merchant bank, ready to place export credit in Egypt, and he gained the required backing from the Export Credit Guarantee Department. A further £375,000 bridging loan was obtained. His persistence began to pay off, and last year the Egyptian Government voted to advance Farmkey some 20 per cent of the £1.5m contract.

The intricacies of doing *business in the Middle East are* nothing new to Farmkey, a company which has been in business for a decade and which has been doing what it describes as steady business in the region for five years.

Initially, it just provided livestock to breed into local herds in the region, but it soon found itself providing an increasing level of *management expertise to introduce* better breeding skills.



"For instance," Mr. Charlton recalled, "we flew 75 Friesian heifers to Saudi Arabia in 1976, but on getting them there we found just a tent—no water, no feed, no medical care. The two weeks we'd planned to stay there turned into a four-year project, in which we sent out 27 men."

The result of that endeavour is now the largest dairy herd in the country with over 1,000 *head of cattle.*

Farmkey's turnover in the region this year is expected to exceed £2.5m, more than half the company's total revenues. The Alexandria University contract is the biggest to date.

When Farmkey started up, it had a unique service to offer: the provision of semen from any British bull to any herd of dairy cattle in the world. The frozen semen was delivered by aero*plane to client organisations.*

The enormous scope this offered farmers—to produce just the milk and meat they neded—was quickly realised in Australasia in North and South America and in much of Africa. That trade is still *going strong.*

Building on this, Farmkey became the first company in Britain to commercially transfer ova from top cows for "hosting" by poor cows. This meant that, instead of exporting grown cattle for eventual breeding into poor local stock to partly improve the local breed, top quality cattle were able to be bred within a year, with both parents in another country.

Now the company farms units in Qatar, Libya, Morocco and Iraq. Their *main competition* is said to be the Dutch, who have the advantage of an export-minded Government that will help to seed orders by buying local farms and giving them back for local farming.

The Alexandria deal is not just a contract to grow more meat. This also gives the 2,000 agricultural students at the university a close-up view of the most advanced farming.

The company now has a total staff of 32 in Banbury with another 25, mainly newly qualified graduates, working in the field on contracts around the world.

Car trade fights credit controls

BY JOHN GRIFFITHS

THE MOTOR trade associations and finance houses have started a campaign to persuade the Government to relax hire purchase controls on new and used cars.

The Finance Houses Association, the Society of Motor Manufacturers and Traders and the Motor Agents Association have drawn up a memorandum asking for down-payments to be reduced from a third to 25 per cent, and the maximum repayment period increased to three years from two.

The memorandum argues that the car trade has been unfairly singled out as the last surviving subject of hire purchase controls, and that there is no justification for retaining them.

The groups have asked Mr. Norman Tebbit, Industry Minister, to discuss the issues with them. A letter has also been sent to Mr. John Biffen, Trade Secretary. The SMMT has written separately to Sir Geoffrey Howe, the Chancellor, underlining the difficulties faced by the motor trade.

In the wake of the Budget, the society has revised downwards its forecast for new car sales from 1.41m to 1.38m.

This is 130,000 fewer than last year, when sales were down by 11.8 per cent on the record 1.71m in 1979. Competition was severe, and heavy discounting financially weakened manufacturers and dealers.

This is continuing and the retail motor industry is in severe difficulties, according to Mr. Alan Dix, director general of the MAA.

The associations started making individual demands for a relaxation of controls late last year. This raised speculation that such a move might benefit mainly importers. But this is strongly refuted in the letter to Mr. Tebbit.

"It used to be thought that the existence of stringent terms controlled the level of imports. But this has been shown to be a fallacy. While the present controls have been in force (since 1973) imports have risen from 27.4 per cent to 56.7 per cent."

Easing hire purchase restrictions, which would affect only the private buyer, could be expected to have a substantial impact on used car sales. These are also heavily depressed. The impact would be less on the new car market, because about 70 per cent of new car sales are to company purchasers.

The associations would like to see action on two further fronts: the ending of VAT discrimination against company purchases of new cars, which are denied input tax credit, and the abolition of the extra 8 per cent car tax — first imposed in 1973 —to ensure that the Government would lose no revenue when purchase tax was replaced by VAT.

It is argued that restoration of input tax credit would increase sales by 15,000 in the first year and 30,000 a year thereafter, while the removal of car tax would raise annual sales by a further 50,000.

The associations believe that revised income tax arrangements since 1978, taxing the private benefit accruing to drivers of company cars, have invalidated the initial justification for denying input tax credit. Car tax has been persistently criticised as an unfair anomaly.

The associations say that at the time it was imposed, the UK motor industry was suffering from supply shortages, and any effective lowering of tax would have benefited mainly importers. With the industry now in recession, this consideration no longer applies, and in any case the VAT rate has risen.

Where electors must choose a convict or a country squire

Stewart Dalby studies Thursday's bizarre by-election in Fermanagh

ELECTIONS, like so many other things in Northern Ireland, tend to be somewhat different from those in the rest of the United Kingdom. But even by the unusual standards of this British province, Thursday's by-election is bizarre.

The electorate of just over 71,000 people faces a straight choice between Mr. Bobby Sands, a 27-year-old member of the Provisional IRA who is serving a 14-year prison sentence for possessing firearms and who has been on hunger strike for about a month, and Mr. Harry West, a 64-year-old country squire and farmer who retired from active politics two years ago.

In Northern Ireland, normal ideological patterns of Right, Left and Centre do not apply. People vote along sectarian lines. The Roman Catholic minority by and large votes for nationalist or Republican candidates, while the 1m Protestants, with very few exceptions, vote for Unionists—those who favour the links with Britain and abhor the idea of closer connections with the overwhelmingly Roman Catholic Republic of Ireland.

In Fermanagh and South Tyrone the sectarian voting pattern is more pronounced than elsewhere. A thinly populated and beautiful area of rolling farmlands and lakes, Fermanagh abuts on to the Republic. It has witnessed considerable violence since "the Troubles" began 10 years ago. Some 60 people, mostly Protestant part-time soldiers and policemen, have been killed by terrorist bombs or bullets.

The constituency has a small nationalist majority, probably about 5,000. All other things being equal, therefore, the electorate votes to keep the other side out.

In the 10 polls that have taken place since the seat was formed in 1950, nationalist candidates have won it six times. In 1974, the seat was held by Mr. Frank McManus, a nationalist who now belongs to the Irish Independence Party. In the first of the two General Elections of that year the nationalist vote split and Mr. Harry West got in. But only briefly. In the second election, an agreed nationalist candidate was found in the form of Mr. Frank Maguire, a publican and former IRA member who had been interned in the 1950s.

At the 1979 election, the nationalist vote split again when Mr. Austin Currie decided to leave the moderate Catholic party, the Social Democratic and Labour Party, and run as an independent SDLP candidate. But the Unionist vote split too and Mr. Maguire was re-elected with a majority of 4,937.

This pattern of dissension looked likely to be repeated this time. The bye-election, caused by the death of Mr. Maguire, was called by the Official Unionists. For once the Officials seem to have outmanoeuvred Mr. Ian Paisley, who is trying to gain supremacy over the Official Unionists with his Democratic Unionist Party.

The trump card was to wheel Mr. Harry West, the former leader of the Official Unionists, out of retirement. Mr. West is popular locally and rather than split the vote, Mr. Paisley decided to withdraw.

On the nationalist side, the situation initially looked just as confused. Mr. Noel Maguire, brother of Frank, said he would run. Then Mrs. Bernadette McAliskey, who as Miss Bernadette Devlin sat for Mid-Ulster in 1970-1974, said she would run. The SDLP also seemed likely to field a candidate. But then the Provisional Sinn Fein broke with tradition in agreeing to support Mr. Bobby Sands.

Mrs. McAliskey, who has been very active in the H-Block campaign for the prisoners in the Maze prison, of whom Bobby Sands is one, stood down. The SDLP, feeling sure that Mr. Maguire would stand and that anyway it had no chance of winning and would only let the Unionist in, also stood down.

However, four minutes before applications closed Mr. Maguire also withdrew.

Fermanagh-South Tyrone, therefore, faces the prospect of electing a convicted terrorist if normal voting patterns prevail. There is always a high turnout, nearly 90 per cent at the last election. The H-Block committees are campaigning hard, parading with placards sayi[ng] "His life in your hands."

Of course, there could still [be] a large number of abstentio[ns] by the nationalists. On t[he] other hand, Bobby Sands h[as] hinted that the hunger stri[ke] will end if he is elected, sin[ce] the publicity value of a victo[ry] would be so great. And [if] elected, Bobby Sands wou[ld] immediately resign—he cou[ld] not take his seat anyway, which would mean another b[y-]election. The nationalists mig[ht] well vote for him this time a[s a] gesture, therefore, knowing th[at] before long they could el[ect] someone less extreme.

1979 ELECTION

Electorate 71,540	% Poll 8[illegible]
Maguire, F. (Ind)	22,[illegible]
Ferguson, R. (Off U)	17,[illegible]
Currie, A. (Ind SDLP)	10,[illegible]
Baird, E. (UUUP)	10,[illegible]
Acheson, P. (AU)	1,[illegible]
No change Ind. Maj.	4,[illegible]

BR keeps within its £750m cash limit

BY GARETH GRIFFITHS

BRITISH RAIL managed to keep to its cash limit in the last financial year in spite of the recession, Sir Peter Parker, the Board's chairman, said yesterday.

In a message to BR managers, Sir Peter said the £750m cash limit for 1980-81 had been adhered to through careful management and by deferring an extra £50m investment.

BR only just managed to keep within its cash limits and received Government help worth £40m because of the reduction in traffic caused by the recession. It is the fifth successive year in which BR has kept to its cash limit.

A limit of £920m for 1981-82 was announced last December. This was £50m less than the sum BR said it needed.

Last month BR openly challenged the Government to reverse its policy of limiting public spending. It asked for an increase in investment on the railways from the present annual limit of £306m to an average £567m a year between 1981 and 1990.

Life insurance group launches promotion

BY ERIC SHORT

THE Life Offices Association, with the Associated Scottish Life Offices, is spending £500,000 over the next nine months promoting the virtues of buying life insurance through its member companies.

In a campaign, which started yesterday, the association intends first to make the public aware of its existence and secondly to spell out the precise benefits of dealing with a member company.

The campaign is taking the form of three separate bursts of full page newspaper advertisements, each burst lasting three weeks, plus continuous advertisements in the trade Press.

The LOA has received considerable publicity in the past months because certain l[ife] companies have resigned th[eir] membership over disagreeme[nt] on the commission scale. [The] LOA advertising campaign [is] intended to bring home to [the] public (and presuma[bly] reassure its remaining me[m]bers) that it has taken seve[ral] positive measures to protect [the] public buying life insurance.

Schools boost for computers

By Elaine Williams

GOVERNMENT plans to have a microcomputer in every secondary school by the end of next year will encourage the growth of the UK computer industry, the Prime Minister said yesterday.

Mrs. Thatcher, launching the £14m, three-year programme, said it would help UK-based computer manufacturers to make products which could be sold in world markets.

The Industry Department has allocated £4m in its "micros in schools" programme to match pound for pound spending by local education authorities on computers.

The remaining £10m is funded by the Department of Education and Science and will provide teacher training courses and a schools computer programme. Already £1m from this fund has been spent.

The Department of Education outlined its long-term strategy for computers in a paper called Microelectronics in Education, published yesterday.

A substantial proportion of resources will be used for developing school curriculums. About 14 information centres will be set up around the country to encourage the exchange of information between local education authorities.

The first step will be to increase local authority purchase of computers.

The Industry Department has nominated two suppliers—Research Machines in Oxford and Acorn Computers in Cambridge.

Research Machines, which produces a sophisticated microcomputer costing just over £1,600, was set up in 1973. It has a turnover of about £5m, of which a third comes from the secondary education market.

Acorn Computers markets a cheaper computer costing £260. The company was set up about four years ago and has a turnover of £2m.

Plan for microcentre networks

By Michael Dixon, Education Correspondent

REGIONAL networks of information and training centres were proposed yesterday as part of the Government's plan to spend £8m over the next three years on promoting the understanding and use of micro-electronics technology in schools.

The centres should enable groups of local education authorities in England, Wales and Northern Ireland to coordinate teacher training in the technology, said the document setting out the strategy for the new microelectronics education programme.

The same groups of education authorities should be able to store and exchange, through the information centres, knowledge about the use of hardware and software available and link with manufacturers and local employers.

The £8m will be applied, in two main ways, to "pre-vocational" teaching mainly in secondary schools.

The first will aim to discover and develop the best uses of microelectronics as an aid to teaching mathematics, sciences and geography, craft, design, technology and courses related to business and clerical work.

The use of the new technology to improve the teaching of slow-learners and physically and mentally handicapped children will also be studied.

As its second main aim, the programme will seek to introduce new subjects into schools' curricula, including microelectronics in control technology, computer-linked studies such as computer-aided design, and word processing and other "electronic office" techniques.

Microelectronics Education Programme — the Strategy. Free from Publications Despatch Centre, Honeypot Lane, Cannons Park, Stanmore HA7 1AZ.

Court challenge to EEC poultry inspection rules

BY RICHARD MOONEY

A BRITISH poultry company is to challenge EEC inspection regulations in the European Court.

W. Hermanns and Son of Nottinghamshire will claim that the rules make it impossible for British poultry producers to compete with suppliers elsewhere in the EEC.

"Our objective is to obtain parity on poultry costs among all EEC member countries," Mr. David Hermanns, chairman of the company said, yesterday.

The British Poultry Federation estimates the regulations as operated in the UK put British poultry producers at a price disadvantage of about 5p a pound, compared with their continental counterparts.

"There is only one way to stop this nonsense," said Mr. Hermanns, "and that is to take the case to the highest level."

He said he was confident the action would succeed, but feared legal costs could be prohibitive. So he is seeking financial support from other UK producers towards the costs of this test case.

● Sainsbury's said yesterday it was cutting skimmed milk prices by up to 2p a pint.

Vitapoint, described on the carton as fresh pasteurised skimmed milk with added skimmed milk powder and vitamins, has come down from 18p to 17p a pint, and the low fat version from 18p to 16. The brand is exclusive to Sainsbury's.

The supermarket chain sells fresh milk at 18p a pint, undercutting the doorstep delivery price by ½p and most other supermarkets by 1p.

'Labour GLC set for spending row'

BY GARETH GRIFFITHS

A LABOUR-controlled Greater London Council would be prepared to confront the Government over its spending policies and, if necessary, forego any central government block grant.

Mr. Andrew McIntosh, GLC Labour leader, said yesterday that giving up block grant would be a hard step to take but the Labour group was prepared to do so in the event of a confrontation.

He said the party's programme presented for the May election campaign would cost individual households an extra £1 a week in rates by 1982-83 and that this represented good value for money.

In common with other authorities the GLC raises most of its rate income from non-domestic payers—some 66 per cent compared with 34 per cent from domestic payers. This is higher than the national average ratio of 60:40.

Labour says its programme offers good value for domestic ratepayers and that non-domestic payers will benefit from increased services. The yearly cost by 1983-84 would be about an extra £400m or the equivalent of a 20p rate.

The GLC spends about £2bn each year of which £450m is raised in rates. In common with London boroughs and the Inner London Education Authority it has done badly out of the Government's grant system. It received £119m for grant related expenditure this year.

Mr. Gerald Kaufman, Shadow Environment and Local Government Minister, in outlining the cost of Labour's London programme, said the Government's proposed ceiling on commercial and industrial rate rises would be unworkable and that it would take two years to be implemented.

The average rise in commercial rates in the inner London boroughs for 1981-82 is 33 per cent compared with an average for the metropolitan counties outside London of about 24 per cent.

The Labour election policy document says the GLC should take advantage of the high yields from the commercial sector and the prestige premises of the city centre to finance programmes which will benefit those in greatest need regardless of where they happen to live.

The Labour programme includes a £120m a year jobs programme aimed at creating 10,000 new jobs a year. It would cost the average London household about 30p a week extra in rate payments.

A 25 per cent cut in London Transport fares in October and a four-year price freeze would add another 47p a week by 1983-84.

Mr. McIntosh said a Greater London Enterprise Board would sponsor mainly small-scale projects. While most of the initial funding would come from the rates a Labour controlled GLC would try to attract outside investment.

The GLC staff pension fund, which has £40m a year to invest, and the London Borough Superannuation Funds would be approached about possible funding.

Nominations for the local elections in the GLC, six metropolitan and 39 non-metropolitan councils in England and Wales closed last night.

Labour is expected to win back several county councils from the Conservatives.

Racial equality promise

BY LISA WOOD

MR. WILLIAM WHITELAW, the Home Secretary, yesterday reiterated the Government's absolute commitment to a "multi-racial society, to equality of opportunity and justice for all."

The Home Secretary, addressing a seminar on youth and authority in a multi-racial society, in Manchester, said there had been reports in recent months of an increase in racialist attacks.

These ranged from simple abuse to physical attacks on members of ethnic minorities and their property. Much of this seemed to be the work of young people.

He said: "As a society we cannot tolerate those who seek, in our ethnic communities, a scapegoat for our problems."

Recently Mr. Whitelaw set up an inquiry into racialist attacks and the activities of extremist organisations.

China in talks on Rolls-Royce aero-engine

By Michael Donne, Aerospace Correspondent

ROLLS-ROYCE and the Chinese Government are discussing the details of a new agreement on the further development of aero-engine technology in China.

This follows the completion of the original agreement, reached in December, 1975, for the manufacture of the Spey engine in China. Rolls-Royce has shipped 33 tons of documentation to China, 550 Chinese technicians have visited the UK, and more than 200 Rolls-Royce technicians have visited China.

The Chinese now have the ability to manufacture Spey engines.

Rolls-Royce said yesterday that if the Chinese decided not to do so, as some reports have suggested, it would not affect Rolls-Royce revenues, since all fees due under the original agreement have been paid.

They include fees for the transfer of technology, for technical assistance and training.

The Chinese are known to be interested in expanding their aero-engine technology, and have shown interest in later engines than the Spey, such as the new Anglo-Japanese RJ-500.

Rolls-Royce says that any further aero-engine assistance to the Chinese, including details of the manufacture of advanced alloys for aero-engine parts, must be the subject of a new agreement.

At this stage, it is not precisely clear what the Chinese want, and whether Rolls-Royce can provide it.

Any new agreement would probably involve discussions with other British companies, especially those involved in the manufacture of metal alloys for aero-engines.

Some companies are believed to feel that the Chinese must offer substantial reciprocal rights in return for the transfer of advanced technology which they regard as vital to their success in world markets.

● Rolls-Royce yesterday won a £7½m order from Transbrasil, the Brazilian airline, for its RB-211-535 engines, in the latest E4 version, for three Boeing 757 airliners.

Spare a thought for people controlling the power game

Martin Dickson looks at electricity demand

WHEN THE final credits roll at the end of your favourite TV programme and you slip away to turn on the kettle, spare a thought for the person sitting before a wall of flickering lights in a central London control room. You, together with several million others, could be making that person's job very complicated.

That operator is one of a few engineers who run the Central Electricity Generating Board's national control centre.

They are responsible for ensuring that cheap, efficient power is transmitted to England and Wales.

A great problem is the sudden surge in demand for electricity at the end of a popular TV programme when people suddenly begin brewing tea, flushing toilets—which brings into action electrically operated pumps at water and sewage works—switching on lights and electric blankets.

The effect can be dramatic (see graph). In 1978 when Independent Television showed Ben Hur at the same time as BBC 1 were broadcasting That's Life, electricity demand was below normal for two hours as people watched TV.

Simultaneously, the first half of Ben Hur ended and the final credits rolled on That's Life. Within 10 minutes, demand for power had surged by 1900 MW—the highest ever pick-up on the CEGB system.

There was a similar pattern on Boxing Day, when the film Towering Inferno was shown. Surprisingly, it happened again in January for the final episode of a TV film called Beulah Land.

"TV Times and Radio Times are standard issue in the control room," says Mr. Eric Chefneux, the centre's manager. The TV's impact appears to be increasing—possibly because the recession is keeping people at home in the evenings.

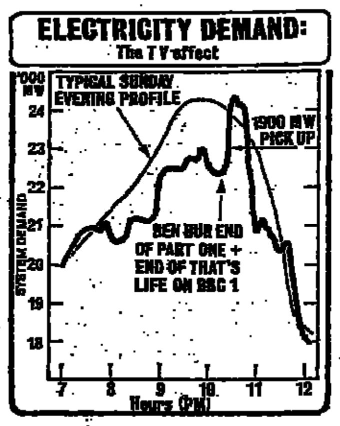
The recession is having an impact in other ways, too. Traditionally, Tuesday has always been the day when the CEGB faces its peak early evening demand—a combination of factories still at work, streets being lit and meals being cooked in millions of homes.

But this year the peak has been on Wednesdays, apparently because this is the day of the week when short-time working is least prevalent.

There is also a theory—impossible to prove—that industry has been paying more attention to energy conservation this winter by not switching on unnecessary lights as darkness falls. This is one explanation for the fact that, while demand for power has fallen generally, there has been a disproportionately large drop at around lighting-up time.

Power demand can vary by a factor of four during the year (10,000 MW at the lowest point of the summer trough to nearly 45,000 MW at the highest point of the winter peak) and by a factor of two during any one day. Extremely detailed operational planning is needed to cope with these changes.

The UK has more than sufficient generating plant to meet its maximum needs—a far cry from the early 1960s when demand outran supply and power cuts were common. The main problems facing national headquarters, and the seven regional centres it controls, are bringing plant into operation in the most economical combination and—when there are sudden surges in demand—doing so quickly.



The cost of running power stations varies widely, depending on the fuel they use. Oil is now so expensive that Britain's big oil-fired stations are only "two-shifted." This means they are shut during the nights and returned to service each morning.

Nuclear stations are particularly cheap to run and provide much of the CEGB's base load requirement. Coal-fired stations come in between, but vary widely in efficiency depending on age, size and design.

All this makes it financially vital that engineers at national control find the most economical mix of plant at any one time. Much of their time is therefore spent in complicated "optimisation" exercises, taking into account weather conditions, availability of plant and other important variables, such as TV viewing patterns.

To meet sudden surges in demand the control centre can first bring into operation 1,000 MW of "spinning reserve." This consists of conventional, fossil-fired plant, which is producing power but not working at full capacity, and the 360 MW Ffestiniog hydro-electric station in North Wales, which will come into operation immediately and provides cheap power.

If that is not sufficient it can squeeze slightly more power out of other conventional plant and then bring into operation its 500 MW of standby reserve, consisting mainly of gas turbine plant. Gas turbine sets are quick to provide power—just three to 10 minutes—but they are very expensive to run.

If more power is needed the CEGB can either buy from Scotland, with which the national grid is linked, or operate a further 800 MW of support which can be on the system in less than two hours.

This helps explain how the supply industry has been able from April 1 to offer large industry users of electricity a new form of discount—category C load management—under which they can get cheaper power in return for reducing their demand at notice as short as 15 minutes.

This helps cut CEGB costs by reducing the use of its expensive gas turbines.

However, category C load management will only be a temporary concession as two additional sources of power over the next few years will greatly increase the CEGB system's flexibility and reduce its costs.

One is the £400m Dinorwic power station in North Wales. It is to come on stream in two years' time and will be capable of providing 1,800 MW of power—fulfilling the board's entire "spinning reserve" needs and more.

Dinorwic is a pumped storage scheme—the largest in Europe. It involves pumping water from a lower reservoir to a higher one, mainly at night, when demand for power is low, and then releasing the water from the higher reservoir to produce hydro-electric power. In effect, it uses water to store electricity.

Dinorwic will mean a substantial saving in running costs. The CEGB estimates that Ffestiniog, a much smaller hydro-electric plant, saves it £5m a year.

The second contribution to greater flexibility will come from a new 2,000 MW cross-Channel link-up with the French power grid, superseding the present 160 MW line and enabling the two countries to exchange greater quantities of power.

The last big obstacle to this scheme was removed last week when the Government gave the CEGB planning permission to build an essential part of the tie-up, a converter station, at Sellindge, Kent.

Council plan for industry estates

MERSEYSIDE COUNTY COUNCIL is mounting a £250,000 project to create nine small industrial estates on the site of the former Selex domestic appliances factory on the outskirts of Liverpool.

The factory, on Kirby industrial estate, will be refurbished and sub-divided ready for occupation by August. Each unit will occupy about 2,000 sq ft. The scheme has been designed by the Knowsley Borough Council.

The county council is to prepare a register of companies in the region facing major problems to act as an "early warning indicator" to offset more possible job losses.

Industry 'needs more modern buildings'

BY RHYS DAVID

BRITAIN'S manufacturing industry must speed the move out of antiquated premises into more modern buildings if it is to improve its competitiveness, Mr. Michael Heseltine, Environment Secretary, said in Manchester yesterday.

Mr. Heseltine, emphasising his own commitment to a campaign launched by the building industry economic development committee, said industry had to devote as much attention to improving buildings as to replacing machinery.

The consequences of operating in unsuitable premises were inefficient production, storage and despatch arrangements, poor productivity and increased operating costs, he said.

Mr. Heseltine said present conditions made it difficult for companies to look at spending on buildings but among the advantages likely to be gained were faster production, earlier delivery to customers, less capital tied up in stock and work in progress, improved morale among employees, reduced energy costs, and lower maintenance bills.

He told Manchester Chamber of Commerce that the Government had made its contribution by measures to improve the supply of land, through the enterprise zones and the urban development corporations in Liverpool and London, and by its reduction in minimum lending rate and improvements in capital allowances for industrial buildings.

He urged pension funds and institutions to respond by talking to the building industry to see what schemes could be supported. The building industry should make the manufacturing sector aware of what an overall appraisal of production hints could offer in terms of efficiency and productivity.

An upsurge in purchases of private unquoted companies is reported in a survey by Diverco, the specialist company broking service. The survey, based on advertising for companies wanted and companies for sale, in the national press, claims that activity in the first quarter of 1981 was running at twice the level recorded a year ago. It also claims that purchases are more serious as well as more numerous and that transactions are being completed more quickly than in 1980.

Jobless vote ban lifted

FIVE jobless councillors at Telford, Shropshire, have been told that a ban preventing them from voting on unemployment issues in the town is being lifted by the Government.

The five protested to Mr. Michael Heseltine, Environment Secretary, last month when he ruled that they could not vote on a proposal to offer lower admission charges at recreation centres to people out of work.

He said they had a financial interest.

Now, Mr. Heseltine has agreed to lift the ban after talks between his officials and Mr. Simon Barber, secretary of the Wrekin District Council, which covers Telford.

هكذا من الأصل

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Before you insure your life, there's something else you really ought to ensure. For your own peace of mind, you should make certain that the insurance company you deal with is a member of one of the recognised life insurance trade associations such as The Life Offices' Association or Associated Scottish Life Offices.

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When you deal with one of these companies you can rest assured that your interests are safeguarded in two important ways.

1. All members of the Associations subscribe to a Code of Selling Practice designed to protect the interests of the consumer.

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2. All members of the Associations have agreed to limits on the rates of commission that may be paid to independent advisers; so you can be confident that where commission is to be paid it will not be an influencing factor in recommending a particular member company.

It's worth remembering that life insurance is probably the biggest purchase you'll ever make apart from your home.

So it's important that you get it right.

If you would like a copy of the Code of Selling Practice, or information about the booklets and educational material produced by the Associations, please write to:–

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London Life Association Ltd
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Provident Life Association of London Ltd
Provident Mutual Life Assurance Association
Prudential Assurance Company Ltd
Refuge Assurance Company Ltd
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The Greater London Council has been awarded the Europa Nostra Medal for the restoration of the former central market building in Covent Garden. Sir Horace Cutler, leader of the council, (right), received the award yesterday from Lord Duncan Sandys, president of Europa Nostra, which aims to protect Europe's cultural and natural heritage.

Some sign of recovery in shipbuilding

William Hall reports that British shipbuilders failed to cash in on the worldwide improvement in orders

THE WORLD shipbuilding industry is showing marked signs of recovering from its worst-ever recession, with new orders last year the highest since 1974.

New orders by volume *rose 13 per cent to 19m gross* tonnes and the world shipyard order-book increased by more than a fifth to 34.6m gross tonnes.

Yet the British shipbuilding industry did not reflect this worldwide improvement. UK yards now have less than 18 months' work. New orders during 1980 amounted to only about 500,000 gross tonnes and output for the year was the lowest since 1933, and the third lowest ever recorded.

Mr. Robert Huskisson, chairman of Lloyd's Register of Shipping, giving the figures in his annual report yesterday, said that events in 1980 had confirmed the previous year's cautious optimism about an improvement in shipbuilding.

Compared with the early 1970s when shipowners ordered far too many vessels, Mr. Huskisson says that present optimism is more solidly based.

"Ships are being ordered in fairly substantial numbers by Far Eastern owners, and by their Western counterparts too, though not quite so buoyantly, but they are being ordered with much more circumspection.

"This is a state of affairs which everyone must welcome, even if it does not *bring back the boom of* earlier years," says Mr. Huskisson.

Japan won 53 per cent of all new *orders last year*, followed by South Korea (9 per cent) and Spain (5.2 per cent).

Mr. Huskisson believes that Korea is the greatest rival to Japan's dominance of the world shipbuilding industry. Its yards have three years work on hand. By contrast, UK shipyards have less than 18 months' work.

World shipyards have on average orders representing 20 months' work on-hand. The world shipping fleet continued to grow slowly last year despite the fact that a sizeable number of ships were sent to the scrapyards.

The annual report concludes that there are still no real indications that equilibrium will be reached between market demand and supply for at least another four or five years.

It concludes that it is a moot point whether shipbuilding on a worldwide basis can ever be truly profitable again.

Bass wants to sell U.S. casino interest

BY ANDREW FISHER

BASS, the brewing and hotels group, would like to sell its indirect stake in a U.S. casino and hotel project, inherited when it bought the ailing Coral Leisure Group.

Talks will take place today between representatives of the U.S. interests and Mr. Derek Palmer, Bass chairman.

Bass's interest in the casino-hotel project in Atlantic City is through its 20 per cent stake in Hardwicke Companies.

Mr. Charles Stein, Hardwicke chairman, has flown to London for the talks. Hardwicke's other partners in the $120m (£54.5m) venture are CDI Corporation and John Best Associates.

"We'd like to get rid of it," said Mr. Palmar of the stake in Hardwicke acquired by Bass when it bought Coral. "But we can't at the moment."

This was a reference to the voting trust into which these shares were placed and to the management and financing commitments Coral undertook over the project.

Completion of the hotel and casino building is still some way off.

Mr. Stanley Mann, president of Diamond Industries, and Mr. Paul Baldinger, who controls Bulk Sales Corporation, own 11 per cent of Hardwicke. Stockbroker Mr. Andrew Racz has made Bass an offer for its holding on behalf of unidentified clients.

Liquidations reach a record level

Financial Times Reporter

BUSINESS FAILURES reached a record in the first quarter of 1981, said Dun and Bradstreet, the business information company. Liquidations in England and Wales rose 51 per cent to 2,263—some 174 a week.

Creditors' voluntary liquidations totalled 1,382, a rise of 86 per cent on the same period last year. Compulsory liquidations were up 16 per cent.

The details in advance of official figures for the three months, showed a significant acceleration of business failures in 1980 and into 1981.

Dun and Bradstreet said liquidations in the last quarter of 1980 were the highest for the whole year, but those for the first quarter of 1981 were greater by 9 per cent.

At the end of 1980, liquidations were running at 160 a week, against the present 174. More liquidations occurred in building and construction than in any other industry

Extended New Year sales lift High Street spending level

FINANCIAL TIMES REPORTER

RETAIL SALES in February were higher than expected as shoppers took advantage of extended New Year sales, according to revised Department of Trade figures published yesterday.

The volume of High Street spending rose sharply in the first two months of the year, partly reflecting the still-buoyant earnings of consumers with jobs.

The rise is one of the main factors behind the Government's assessment that the worst of the recession is past.

According to the Department of Trade figures, the volume of retail sales in February was 0.8 per cent higher than originally estimated last month. The index of sales is now put at 112.9, seasonally adjusted (1976=100).

This represented a fall of 1 per cent from January, when retail activity rose a seasonally adjusted 5.2 per cent from *December*. However, sales in February remained higher than in any month last year, and were 1.7 per cent up from February 1980.

In the three months December to February, trade was 2 per cent higher than in the previous three months. Gains were sharpest in the clothing and footwear sectors and among other mixed retail businesses, which have run big price-cutting campaigns to shift stocks.

Further evidence of a pick-up in consumer activity was provided yesterday by separate Department of Trade statistics. These showed a rise in hire purchase and other consumer credit business to £636m in February from £618m in January. The figures were seasonally adjusted.

The rise was wholly due to an increase in credit granted by finance houses and other specialist companies, as advances by retailers fell.

Most retailers reported that trade had been relatively quiet in recent weeks.

Retailers' sales comparison figures with last year were complicated by the different Budget dates and the variation in sales both before and after the Budget.

The John Lewis Partnership said that sales in its department stores were up by 4.8 per cent *in value for the week ending* March 28. For the eight weeks to that date, sales were up by 7.6 per cent, slightly above the group's target estimates.

John Lewis said Mothering Sunday "provided a good fillip to trade" and the warmer weather had helped fashion sales.

The Rumbelows electrical goods chain said that sales had "been better than we had hoped after the Budget," with demand for colour televisions and videos still buoyant.

Argos, the catalogue discount stores chain, reported that sales value 20 per cent higher in March than a year ago. But it now has 13 more stores, making a *total of 104*.

An analysis of Argos's sales data showed a marked increase in the use of credit cards in its stores since the Budget.

The Retail Consortium, in its latest newsletter, carried a special article on the accuracy of the retail sales statistics following the discrepancies that have occurred in recent months.

"*Nobody can pretend* the situation is satisfactory," the consortium said. "Short of covering all sales for all outlets a totally accurate presentation is impossible."

The consortium added that "one element to which we have a marked objection is the tendency for the volume sales figures to be most widely quoted."

It added that "any retailer knows that his sales are in value and not volume and it is only the most sophisticated groups that feel any confidence in translating value into volume.

"The use of volume figures is an acceptable attempt to iron out the unavoidable price inflation factor, although it may *tend to compound the confusion* for the unwary."

Tax change blamed for lost order

By Ray Perman, Scottish Correspondent

THE Government's changes in North Sea taxation may have cost British Shipbuilders a £60m order for a floating production platform, Mr. Cameron Parker, chief executive of the Scott Lithgow group, said yesterday.

He said he had been told last week by Occidental Petroleum that it had postponed plans for further development on the Claymore field and would not be placing an order for a semi-*submersible platform*.

Scott Lithgow, the lead yard for offshore oil work within British Shipbuilders, has had a project team working on the Occidental tender for nine months and had strong hopes of securing the order by the summer.

Mr. Parker said he had been told by the oil company that British Shipbuilders, which had intended to share the work between Lithgow's Clyde yards, Cammell Laird on Merseyside *and Blackhall Engineering on* the Thames, was the only company which had undertaken to meet the delivery date.

"Although I have not been told specifically that Occidental has put off this project because of the tax changes, I cannot see any other reasonable explanation for it," he said.

Mr. Parker's remarks were made at the launching of the Iolair, a £60m emergency support vessel built for British Petroleum and the British National Oil Corporation for use in the North Sea.

It is the first of its kind to be constructed in the UK and British Shipbuilders hopes to win further orders for similar structures.

Plan formed to split Trident TV

BY CHRISTINE MOIR

TRIDENT Television believes it has met—with 24 hours to spare—the Independent Broadcasting Authority's deadline for splitting Yorkshire Television and Tyne Tees, its two subsidiaries, into independent units with strong regional shareholdings.

Trident will today lay before the IBA details of share placings for two new companies. *They will be 20 per cent-owned* by Trident, which will obtain rental income by leasing existing properties to them. It will also sell them its programmes.

An outline of the scheme was yesterday sent to shareholders, together with Trident's report and accounts. These disclosed buoyant advertising revenue for *the year so far*.

Full details of the new companies are expected to be announced following the IBA's approval of the reconstruction. This is expected on Thursday.

Trident's two merchant bank advisers, Kleinwort Benson and N. M. Rothschild, have arranged to place new shares in each of the companies with a mixture of "corporate bodies and institutions, including a pension fund, which would provide a strong regional shareholding," Mr. Ward Thomas, the chairman, said yesterday.

Meanwhile, the divestment of the two subsidiaries forced on Trident by the IBA, has affected the group's earnings position for last year.

The preliminary profit figures for the year to September 31 showed earnings per share up from 5.7p to 8.6p. On the advice of its auditors, Peat Marwick, Trident has decided to allow for the full amount of deferred tax represented by the £3m of programme stocks held in Yorkshire.

The additional £1.6m of tax has reduced earnings per share to 5.9p.

Trident expects to be able to *consolidate the profits from its* 20 per cent shares in Yorkshire and Tyne Tees. But Mr. Thomas said it was "too early to give any responsible indication of Trident's future revenue from ITV."

The two operating companies were merged in 1970 under Trident as a way of solving overlap problems caused by the new UHF transmitters.

"That problem was unchanged," Mr. Thomas said, but now the transmitters must be handed over to one of the new companies, thought to be Tyne Tees.

This transfer, which is seen as favouring Tyne Tees, has been one reason why the financial reconstruction and placing of Yorkshire's new shares has taken longer to get off the ground. The proposals for Tyne *Tees* were virtually complete some weeks ago.

National Savings

NO FIRM date has been fixed for the withdrawal of the National Savings certificates 19th issue, contrary to the FT's report on Saturday. The Department for National Savings, says the certificates will be withdrawn "not later than May 9."

Government withdraws its objections to EEC raids

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE GOVERNMENT has withdrawn its objections to the way in which the European Commission carries out its controversial "dawn raids" on companies under powers laid down by the Treaty of Rome to enforce EEC competition policy.

These powers, under Article 14 of Regulation 17 in the Treaty's enabling orders, allow the Commission's inspectors to enter a company's premises without prior warning, copy documents and question staff.

Only 12 British companies have been investigated in this way, although there have been a total of 56 raids throughout Europe.

The latest UK surprise investigations took place shortly before Christmas when three chemical companies, including ICI's agricultural chemicals division at Billingham on Teesside, were investigated.

However, the official from the Office of Fair Trading, who accompanied the Commission's inspector, also gave the investi*gated companies a written* statement pointing out that the British Government had doubts over the legality of the raids.

The Government was concerned that a recent change in the Commission's procedures was contrary to EEC regulations. This change enabled a single commissioner to sanction a surprise raid rather than *requiring approval from the full* Commission.

This step was taken by the Commission to streamline its administrative workload.

European porcelain sells for £217,000 in London

WINIFRED WILLIAMS, the London dealer, was, as usual, the main buyer at Christie's continental porcelain sale yesterday, paying £11,000, plus 11.5 per cent in premium and VAT, for a Chantilly figure of a Magot of about 1740; £8,000 for a large Vincennes baluster pot-pourri vase and domed cover of about 1750; the same for a Bottger brown stoneware square shaped teapot and cover of around 1715; and £7,000 for a Meissen armorial beaker of about 1740 from one of the services which accompanied Princess Maria Amalia of Saxony, who in 1738 married the future Charles III of Spain.

Murray attacks policies on industry and jobs

BY CHRISTIAN TYLER AND RICHARD EVANS

PUBLIC SUPPORT for the Government was "pouring away" because of the effect of its policies on industry and jobs, Mr. Len Murray, TUC general secretary, claimed last night.

Mr. Murray was speaking on the third day of the TUC's week of protest against present economic policy, after thousands of transport workers had lobbied MPs in London to demand more public investment.

At a rally in Birmingham, Mr. Murray said it was not only the TUC that was telling the Prime Minister she had "got it all wrong."

The CBI, he said, was—a bit hesitantly—voicing the discontent of industrialists and managers. "But the unkindest quotes of all come from people who in public claim to be her friends. —The whisperers of Westminster—members of her own party and even her own Cabinet—furtively leak out to the world reports of divisions and demoralisation within the Government.

"Support for Government policy is no longer ebbing—it is pouring away as if a sluice gate had been opened in a dam," Mr. Murray said.

Mr. Michael Foot, Labour Party leader, advocated the use of North Sea oil revenues and "an intelligent reflation of the economy" to overcome the recession. He strongly attacked the Government for ignoring the consequences of the recession on industry and on the unemployed.

"The proper use of North Sea oil revenue, combined with a plan to reflate intelligently could start to set Britain on the road to recovery," Mr. Foot argued.

He added there would need to be a long-term economic plan but it was imperative to make a start on recovery now.

He called for help for industry with energy costs; more investment to maintain employment in the social services, health and education; immediate investment in modern technology; and a further reduction in the Minimum Lending Rate to allow industries to compete.

In London general secretaries of unions in the railways, docks, merchant marine, buses, road haulage and aircraft industries met Mr. Norman Fowler, Transport Secretary, and Mr. John Biffen, Trade Secretary.

They asked for higher public support for their industries and for an integrated transport policy. Mr. Fowler itemised the amounts already given to these industries and said that, considering there was a recession, they had "done fairly well." As for an integrated policy, he said the Government was much more concerned in extending users' choice.

Later, Mr. Sid Weighell, general secretary of the railwaymen, warned the Labour Party that it could not defeat the Government while it was in "disarray."

12.7% rise agreed by gas workers

By Pauline Clark, Labour Staff

BRITAIN'S 43,000 gas industry manual workers yesterday became the fourth major group in the nationalised industries sector to agree a pay rise of over 12 per cent. This is in spite of Government hopes this year of holding public sector wage increases to single figures.

Gas workers' representatives at a special union delegate conference in London voted by a narrow majority to accept 12.7 per cent, giving a base rate rise of between 9.7 and 10.7 per cent.

This compares with a 13 per cent 10-month deal for miners, a 12.3 per cent rise for water workers and last week's 13 per cent settlement with power workers. It is likely to intensify the already strained relations between the Government and its own employees in the Civil Service and the Health Service, currently fighting a 6 per cent ceiling on their wage rises.

Seven of the gas industry's 12 regions yesterday followed the recommendation of General and Municipal Workers Union negotiators to accept the Gas Corporation's package award backdated to January 18.

But strong opposition came from some areas whose delegates argued that the Corporation could afford to pay more because of its expected £600m profit this year.

The package includes agreement to cut the working week by 1¼ hours to 38¾ hours from May 31. Among other changes those with under ten years service are to get an extra day's holiday.

The award, which includes changes in the bonus system, raises average earnings to £144 a week from £129.80 a week, with a £7.25 increase in basic rates for a labourer and £10.30 for a top technician.

Potteries offer

ABOUT 37,000 workers in the Staffordshire-based pottery industry will vote next week on whether to accept a 5 per cent pay offer raising basic minimum wages by £3 to £62 a week.

Better holidays deal for bank's staff

BY NICK GARNETT, LABOUR STAFF

AN ARBITRATION decision for staff at Barclays Bank International provides for a better holiday entitlement than that agreed last week by the Clearing Bank Union and the English clearers.

The arbitration result was given yesterday to management and to officials of the Banking, Insurance and Finance Union, which has sole bargaining rights for the bank's non-managerial staff.

The union claimed five weeks' holiday for clerical staff and seven weeks for managerial grades. The arbitration result is not so high, but it provides some improvements at lower grades, compared with the CBU agreement.

It is also better than the 28-days holiday agreement for managerial staff in the clearers, which is an issue for domestic and not national negotiations.

The BBI arbitration will almost certainly be used by BIFU in discussions with the Federation of London Clearing Bank Employers tomorrow on pay and holidays.

The union says it will proceed with a second stage of industrial action unless the banks' improve their offer. The offer includes a rise of 10 per cent and has already been accepted by the CBU.

The banks have limited room for manoeuvre and will not improve the pay element.

The Federation, in a writen commitment to the CBU last week, said: "The Federation assures the union that it would make no change to the agreement nor offer to any other union a different agreement as a result of indsutrial action or developments arising from such action."

The Federation might take the view that holiday arbitration at BBI, which affects about 6,500 staff, has little relevance to negotiations in the clearers, which employ more than 200,000.

The two-year moratorium on holiday claims—required in the banks' original offer—was removed in negotiations with the CBU last week. This means the CBU could submit a further holiday claim.

Dock unions study link-up

BY PAULINE CLARK, LABOUR STAFF

THE TRADITIONALLY strong dividing line between "white" and "blue" dockers in Britain's ports appeared yesterday to be softening for the first time in decades after talks between the Transport and General Workers Union and the National Amalgamated Stevedores and Dockers, the only remaining independent union in the docks industry.

Mr. Alex Kitson, deputy general secretary of the TGWU, Britain's biggest union, and Mr. Les Newman, general secretary of NASD, the tiny "blue" union which has held on proudly to its independent status since expulsion from the TUC in 1958, jointly announced the start of "informal talks with a view to encouraging a closer working relationship."

The TGWU emphasised that relations between the two unions went "no further than that."

At the last official count, NASD was credited with about 3,000 members in London, Hull and Manchester but the decline in membership is believed to have been rapid this year after agreement on increased severance pay terms for dockers.

Airport closed

BELFAST AIRPORT was brought to a standstill yesterday by a strike by more than 200 ground staff, including firemen, over conditions attached to a new wages deal. British Airways has cancelled all Belfast flights indefinitely. An estimated 1,700 passengers use the airport daily.

Civil servants face defence plan

BY PHILIP BASSETT, LABOUR STAFF

THE Ministry of Defence is ready to implement contingency plans to circumvent Civil Service industrial action at the strike-bound computer centre responsible for making payments to defence contractors.

Nine computer staff at the Ministry's bill-paying centre in Liverpool struck on March 25. The centre pays out roughly £80m a week to 10,000 defence contractors, including such companies as British Aerospace, Rolls-Royce, Ferranti and Marconi.

The strike, part of the present campaign over the Government's 7 per cent offer, has halted all computer-processed bill payment, though there have been some manual payments from a Liverpool office.

To sidestep the action the Ministry would open a manual office in London and ask defence contractors to apply there for payment. Implementation of this is likely almost immediately.

The unions will step up the action in sensitive areas tomorrow when about 300 staff at two Composite Signals Organisation out-stations of the Government Communications headquarters — at Hawklaw, Cupar, near Perth, and at Brora, about 60 miles north-east of Inverness—go on strike. The stations help monitor Soviet spy satellites and communications.

The Council of Civil Service Unions claimed yesterday that strikes in selected key defence areas by about 500 staff were "seriously affecting all aspects of naval operations," and that senior naval officers had urged pressure on the Department to resolve the dispute quickly.

The Ministry still said that operational capability was not affected by the strikes, though it did not disagree with a number of effects claimed by union leaders.

The unions said that much work of the naval dockyards at Rosyth, Chatham, Portsmouth and Devonport had been affected by the action, mainly because of strikes by about 260 staff at the dockyard computers.

The unions say the action at all the dockyards has stopped the Programme Evaluation Review Technique, which monitors progress of work against a planned programme and scheme of work and then sets out the most efficient disposition of the industrial work force.

It has disrupted production of accurate records of work output, estimates and Budget for the next financial year, they claim. Action by about 80 computer staff at four supplies computers has stopped movement of virtually all stores except where staff release high-priority items for health and safety.

Effects claimed at individual dockwards are:

- Rosyth. A £90m 96-week refit of the Polaris submarine Revenge is one of 16 disrupted. The frigate Brighton cannot go into the yard for refit.
- Nuclear base at Coulport/Faslane. Planned exchange of Polaris missiles on one submarine postponed, and stocks of Tigerfish Mk. 24, cable-guided torpedo for submarines, exhausted. Deliveries to submarines from ROF, Burghfield, halted, and U.S. component - carrying ship turned away.
- Chatham. Two nuclear submarines, Warspite and Churchill, are held up by action of eight health physics supervisors.
- Workshop managers' action at the Port Auxiliary Repair Unit, Portland, affected maintenance of tugs, leaving only one in use. Staff responsible for fuelling are on strike.
- Strikes by about 65 staff at three naval armaments depots affected supply of Mark 24 torpedoes and Seadart missiles.

Two Composite Signals Organisation out-station of Government Communications Headquarters will strike later this week.

In Northern Ireland 74 DHSS data processors dealing with about 2,000 Health Service prescriptions each week struck, closing the computer paying doctors and others about £1m a week.

Seven staff at Customs and Excise headquarters' valuation division struck, as did 47 computer-operators at the Department of Employment computer centre, Runcorn, given suspension warnings after they returned from a three-day strike and refused to work on the Retail Price Index.

Many staff in different areas were said to have walked out in protest at threatened suspensions.

Mr. Bill Kendall, secretary-general, denied reports that the Government sought talks with the unions over the dispute.

Mr. Michael Heseltine, the Environment Secretary, told strikers in Manchester that the unions' 15 per cent claim was "unthinkable."

Self-start sales to solvent sailors

BY MICHAEL DIXON

WITHOUT WISHING to seem boastful, the Jobs Column could confidently claim to be the owner of the most expensive washing-line in London. It has been dangling across the small back garden for many months, but lately I have begun to feel more and more wistful about its strength and splendid whiteness.

The reason must be the approach of the annual heydays of the fine-weather sailor. For the rope was bought to be spliced up as a new main halliard for the incomparable 18-ft clinker-built boat Dayspring. But what with one thing and another, that intention was never fulfilled and I cannot do anything about it now.

Worse still, David Halsey has just asked me to pass on the offer of a new job with Halsey Marine, of which he is managing director. It has recently taken on the sole UK agencies for the sales of both Yamaha and of Baltic yachts, and is setting up a new division of the company to develop these two agencies.

The person he seeks will first have a short period of training including visits to Yamaha's European headquarters in the Netherlands and to Baltic's factory in Finland, and then assume full responsibility for the profits and management of the division. At that point the recruit will move from Halsey's head office at 22 Boston Place, Dorset Square, London NW1 6HZ (telephone 01-724 1303, telex 265131 Halsey G) to work from the South Coast.

The M.D. thinks that candidates should have successful experience not only of selling products of comparable high-priced luxury, but also of managing a small business operation and a thorough knowledge of yachts and the things people want—as distinct from accidentally happen—to do with them. As to the rewards, David Halsey is simply open to candidates' suggestions although he would prefer a payment-by-results arrangement leading to a stake in the equity in a separate company which the newcomer's success would make worth forming.

Relaying that offer has alas done nothing to abate the aforesaid wistfulness. The qualifications are well beyond someone who has never sold anything bigger than a Mirror dinghy, and it would of course be unconscionable for this column to accept an invitation to test the several vessels in the two ranges on any weekend when the sun is hot and the wind not much above force three. That is doubtless why Mr. Halsey has not issued one.

Even so, I cannot help feeling that temptation would have been easier to cope with than the frustration generated by the various brochures he has sent instead. On a person whose disposable income won't run to much more than a halliard, their effect is to make him contemplate hanging himself with it.

Fen country

BERNARD BABOULENE of BLB Consultants is looking for someone capable of working under the present part-time chief executive of a small, long established company in East Anglia and so proving the ability to become its acknowledged managing director.

Mr. Baboulène may not name the company and so, like the other recruitment consultants to be cited later, promises to abide by any applicant's request not to be identified to the employer without specific permission. He can say, however, that the concern has a turnover rising towards £1m from the making and marketing of rubber stamps, embossing seals and associated products.

About 50 employees are supplemented by outworkers engaged in small-batch production. While overseas markets are far from comprehensively covered, there are a dozen or so agents abroad and established outlets in Australia, the United States, Canada and France. The company has full-time executive directors in charge of sales, manufacturing, and accounts.

The essential qualification is successful discharge of responsibility for the profits of a business operation in some comparable field of light engineering. But there will be a preference for familiarity with company secretarial duties and production of final and consolidated accounts with the aid of a mini-computer, with using same device to improve production and stock control, and with dealing in France in the French language.

The salary and profit-share are not expected to rate much above £14,000 a year at first. But perks include a 2.6 litre Rover, and success would soon breed surplus spondulicks. The location would also appeal to the truly rural executive who appreciates such Fen-country pursuits as shooting, golf and—ay, there's the rub again!—sailing.

Inquiries to Bernard Baboulène at 10 Richmond Avenue, London SW20 8LA; tel. 01-540 5534, or 542 8878 which is a 24-hour answering service. Although he certainly would not rule out qualified candidates who at present have a job, he says, the offer should "represent an excellent opportunity for a mature light-engineering manager who may have thought that he (or she) was redundant for keeps."

Euro-personnel

BILL GILL of Merton Associates (Consultants) seeks a personnel adviser to work not far from the M1 motorway in Hertfordshire with an international company planning the near doubling of its £30m business in the distribution of data processing components and systems by expansion in Europe.

Candidates need not only comprehensive knowledge of personnel management in both the United Kingdom and the Continental European countries, but also commercial acumen preferably acquired by previous involvement in rapid expansion in Europe. Salary indicator is about £20,000. Inquiries to Air Vice Marshal Gill at 70 Grafton Way, London W1P 5LN; tel. 01-388 2051, telex 8953742.

Far flung

NOW TO several globe-trotting widget-wielders wanted by recruitment consultant Dolf Kohnhorst who will say only that each will be based at least a short sea- or air-journey from southern England.

The main task of the first will be to hold the ring between prospective customers and the employer's sales and product-development departments concerned with supplying total systems of internal communications for large multinationals. One of four such marketers-cum-boffins-cum-analysts responsible to the head of the business communications division of the major electronics company in the case, the newcomer must have been successful at mentally assembling similarly large and complex internal communications systems and be willing and able to establish rapport with potential customers world-wide. Fluency in other languages would help, of course.

The salary indicator is the equivalent of £30,000 to £35,000.

Something similar is on offer for people to join a manufacturer of complicated but smaller-scale communications systems, as the marketing managers respectively of three different "regions" which together span the globe. Success in leading multi-country marketing operations in computers — whether main-frame or mini — or software is of the essence.

Those with experience of similar kind but at a somewhat lower level of responsibility are also being offered £25,000 or a bit more to become field sales managers for the same employer in either south-east Asia or Latin America centred on Brazil. Here appropriate language skills would be an especial advantage, Dolf Kohnhorst says.

Inquiries to him at 17, Stratton Street, London W1X 5FD, tel. 01-409 0092.

PERSONAL

BEN—South African, Spanish Grandmother lives at Wembley. Met Jean on Underground en route to Finchley Rd. August '76. Contact Box A.7485, Financial Times, 10, Cannon Street, EC4P 4BY.

LEGAL NOTICES

INVERESK GROUP LIMITED

Petition for Approval of a Scheme of Arrangement and for Confirmation of Reduction of Capital

Notice is hereby given that on 3rd April 1981 the Court of Session, Edinburgh, ordered that the dependence of the above Petition be advertised and allowed all parties having an interest therein to lodge answers with the Court within 14 days of such advertisement.

Of all which intimation is hereby given.

DUNDAS & WILSON
Solicitors for
INVERESK GROUP LIMITED

COMPANY NOTICES

UNILEVER N.V.

9¼% U.S.$ 100 million BOND LOAN 1979/1987
9¼% U.S.$ 100 million BOND LOAN 1980/1986/90

Reports of the Trustee over the financial year 1980 are available for bondholders with Midland Bank Ltd., 60, Gracechurch Street, London EC3P 3BN and with the offices of the Trustee: Nieuwe Zijds Voorburgwal 326-328, 1012 RW AMSTERDAM, The Netherlands.

The Trustee:
NEDERLANDSCH TRUST-MAATSCHAPPIJ B.V.
Amsterdam, 20th March, 1981.

ROBECO

ROTTERDAMSCH BELEGGINGSCONSORTIUM N.V.

With reference to the announcement dated 1st April 1981, concerning the cash dividend for the financial year 1980 on Sub-shares registered in the name of National Provincial Bank (Nominees) Limited, the rate of exchange for the payment of this dividend is Fls.5.2375 = £1.00.

UNITED KINGDOM RESIDENTS

The gross dividend is £0.21002387 per Sub-share and is subject to the following deductions:—

15% Dutch Tax	=	£0.03150358 per Sub-share
15% U.K. Tax	=	£0.03150358 per Sub-share
Exchange and M.N. Comm.	=	£0.00284566 per Sub-share
Net Payment	=	£0.14417105 per Sub-share

NON-RESIDENTS OF THE UNITED KINGDOM

Where 25% Dutch Tax is applicable, the following deductions apply:—

25% Dutch Tax	=	£0.05250597 per Sub-share
30% U.K. tax on net dividend (when applicable)	=	£0.04725537 per Sub-share
Exchange and M.N. Comm.	=	£0.00284566 per Sub-share
Net Payment	=	£0.10741687 per Sub-share

Where 15% Dutch Tax is applicable the calculations are as for United Kingdom Residents, but relief from United Kingdom tax is immediately obtained provided that the appropriate Inland Revenue Affidavit is lodged with the claim.

PUBLIC NOTICES

DEVON COUNTY COUNCIL

Received applications totalling £55.5m Bills issued 7th April, 1981 maturing 7th July, 1981. The highest tender accepted was £97.15%.

COURSES

Joseph hesitant on recession slowdown timing

BY IVOR OWEN

INDICATIONS in the latest Financial Times survey of business opinion that the trough of the recession may be in sight were highlighted by Ministers in the Commons yesterday.

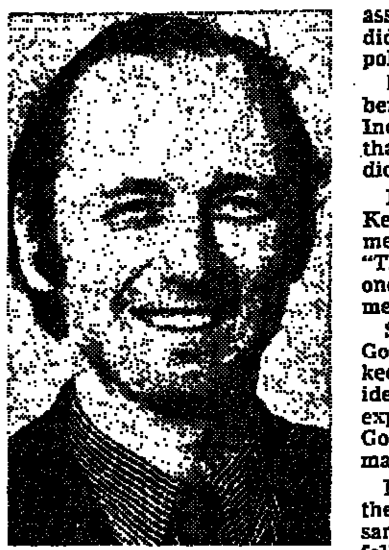
But Sir Keith Joseph, Industry Secretary, admitted there could be honourable disagreement between observers and participants on the exact point at *which "bottoming out" would* occur.

"There seems strong evidence that we are in the bottoming out phase or approaching it very closely at the moment," he stressed.

Earlier, Mr. Kenneth Baker, Minister of State for Industry, emphasised that the pointers in the FT survey that the recession was slowing, coupled with evidence of a pick-up in demand in certain areas, supported the latest monthly trends inquiry by the CBI.

Sir Keith said he hoped to meet CBI leaders soon to discuss industrial policy matters arising from their recently published document, "The Will to Win."

Labour MPs remained sceptical about the optimistic notes sounded from the Government front bench and cheered Mr. Nigel Forman (C., Carshalton), when he cryptically asked Sir Keith to reassure the CBI, and anyone else who needed re-assurance that the Government did, in fact, have an industrial policy.



Forman: asked for reassurance that the Government had an industrial policy

From the Opposition front bench, Mr. Stan Orme, Shadow Industry Minister, maintained that the CBI document contradicted basic Government policy.

He argued that before Sir Keith met the CBI, the Government should publish its reply to "The Will to Win" so that everyone knew the area of disagreement between them.

Sir Keith replied that the Government was waiting with keen interest for the CBI to identify the savings in public expenditure it believed the Government should be able to make.

He insisted that the CBI and the Government shared the same purpose — "to enable a fall in interest rates and a fall in inflation to occur because those are the prime conditions for industrial prosperity."

Replying to questions from both sides of the House, Sir Keith acknowledged that the Government was still under considerable pressure from industry to take further action to reduce energy costs.

Joseph: admitted there could be disagreement on when "bottoming out" would occur

He recalled the measures already announced in the Budget and added: "The debate, no doubt, will continue."

Industry was making its voice heard, he said, about the cost of gas, electricity and foundry coke.

Questioned by Mr. John Osborn (C, Sheffield Hallam) about the fuel industry, Sir Keith stated: "Relationships between energy costs in different countries are complicated by exchange rate movements, which are transitory."

Sir Keith told Mr. Michael Neubert (C, Romford) that the estimated expenditure in support of British Shipbuilders, British Steel, BL and Rolls-Royce, was about £1,970m for 1980-81 and a similar amount for 1981-82 at outturn prices.

The equivalent estimates for other industries were £870m in 1980-81, and £915m in 1981-82.

Sir Keith pointed out that the department's contingent liabilities included not only the £200m guarantee for ICL announced last month, but also guarantees under such schemes as the Shipbuilding Home Credit Scheme and the exchange risk guarantee scheme for European Investment Bank and European Coal and Steel Community loans.

'Conspiracy of silence on immigration'

TORY MP Sir Ronald Bell (Beconsfield) said yesterday there was a conspiracy of silence in Parliament over immigration.

He said in the Commons that Parliament must have the "courage to face this problem and discuss it, and decide what should be done. I suggest to the Leader of the House that this avoidance of the subject should not continue any further."

He said: "The views of MPs should be expressed instead of being subjected to this conspiracy of silence. The public is bound to feel that Parliament is not representing its anxieties or opinions about this subject."

Sir Ronald said there was a "great deal of suppressed feeling" about immigration which was not being expressed in Parliament.

He suggested that no action had been taken over immigration because it was an awkward subject. The increase in the immigrant-descended population was startling and the consequences had been demonstrated in marches

Union support unsure on PLP leader issue

BY CHRISTIAN TYLER, LABOUR EDITOR

MODERATE union leaders hoping to change the Labour Party's new system of electing its leader and deputy could have more difficulty than expected in getting rank and file support.

Members of the big shopworkers union, which was one of the first to put forward the electoral college formula adopted at Wembley in January, have not shown much sign of wanting to change their union's line.

The shopworkers' own conference agenda, to be published shortly, shows that many branches endorse the Wembley formula, which gives 40 per cent of the vote to the unions and 30 per cent each to the MPs and constituencies.

This will cause problems for Mr. Bill Whatley, the union's general secretary, and like-minded members of his executive, who now support Mr. Michael Foot's aim of giving 50 per cent of the college to MPs after the next Party conference.

Such a change would not come in time to affect Mr. Tony Benn's bid for the deputy leadership.

Mr. Whatley said yesterday he hoped to boil the relevant motions on the agenda down to a simple proposition supporting the wider franchise, leaving it open for the union to back the desired change with its 400,000 block vote at the party conference.

One motion contains this vague wording, but it is followed by 15 amendments, mainly supporting the Wembley *formula. Other branches of the* union want a one-member-one-vote system, but that now looks like a dead duck.

Mr. Whatley said: "It's certainly a surprise that there is nothing down on the 50 per cent system. I don't know what we are going to do about it. Obviously there must be a compositing meeting and I hope we can get a lot of this stuff out of the way."

Mr. Whatley personally favours the 50 per cent version now, like the informal grouping of Right-wing general secre*taries who are hoping to get* authorisation for a change from their own annual conferences in the coming months.

PM's letter to Brezhnev stresses concern on Poland

BY MARGARET VAN HATTEM, LOBBY STAFF

THE PRIME MINISTER has written to Mr. Leonid Brezhnev, the Soviet leader, underlining her concern over the possibility of Soviet interference in Poland.

The message, in reply to a letter from Mr. Brezhnev last month, was sent off at the weekend coinciding with what is understood to be a similar letter from President Ronald Reagan.

The contents of Mrs. Thatcher's letter have not been made public. But she is understood to have made no threats, and none of her previous references to an end to détente, should the Soviet Union intervene actively in Poland.

However, the Prime Minister points out in her letter that events in Poland are "in the forefront" of her mind, and draws attention to the common position adopted by EEC heads of Government at their summit in the Netherlands last month, stressing the importance of allowing the Polish people to determine their own affairs. She also refers to the Final Act of the Helsinki Agreement on détente.

The Government's concern over the possibility of Soviet intervention in Poland appears to be fully shared on both sides of the House, and Mrs. Thatcher's views yesterday received the unanimous support of Labour's Tribune Group.

In a statement, the group said it viewed "with considerable alarm" the possibility of any armed intervention in Poland.

"We cannot emphasise too strongly that no country has the right to intervene in the affairs of other independent countries and particularly with the use of armed force, creating the danger of stimulating the arms race."

Slipping on a banana skin at the talkfest

By John Hunt, Parliamentary Correspondent

MR. STAN ORME, Labour's Industry spokesman, slipped on another verbal banana skin in the Commons yesterday. He referred to Sir Terence Beckett, director general of the CBI, as Sir Thomas Becket.

No doubt, Mr. Orme will have the sympathy of Mrs. Thatcher. With the condemnations of Government economic policy emanating from the CBI recently, there must have been times when the Prime Minister dearly would have loved to emulate Henry II and rid herself of this particular "turbulent priest."

Mr. Orme's career should certainly be watched with interest. If he does not mend his ways he will soon be challenging Mr. William Whitelaw, Home Secretary, as the master of the malapropism.

Putting these matters behind them, MPs moved away from industry questions and on to the debate on the Easter adjournment. Despite its sober title, this is a general talkfeste when MPs can have fun saying more or less what they like on any topic.

Mr. Christopher Murphy (C., Welwyn and Hatfield), managed to wring the withers with a defence of London commuters waiting on a windswept platform, the clock ticking on, peering into the deepening gloom for the train that never comes.

It sounded like a scene from the pre-war spy chiller The Ghost Train, but the effect was rather spoiled by Mr. Murphy's remorseless penchant for the pun.

Surely, he said, things could be improved by greater efficiency rather than spending more money — "the quality of service need not be strained."

For the benefit of MPs who did not get the allusion to Portia's speech in the Merchant of Venice, Mr. Murphy had something more topical lined up. With BR's current TV advertising campaign in mind, he declared: "One is entitled to wonder whether it is not more a case of being aged by the train."

A muffled groan from MPs seemed to suggest that Mr. Murphy had better find new scriptwriters and Mr. George Thomas, the Speaker, called other hopefuls, who had been waiting in the wings for their big chance.

Mr. David Winnick (Lab., Walsall North), a pillar of the Left-wing Tribune Group, gravely warned the Russians against invading Poland. Just to show he was an even-handed fellow, he coupled this with a warning to the U.S., to keep its hands off the Central America republics.

We were soon back on the parochial patch with Mr. David Stoddart (Lab., Swindon), raising the matter of a man in his constituency who was arrested and held for 19 hours when he made out a £20 cheque on a piece of toilet paper in payment of a fine for turning right against a no-turn sign.

"Arrested in front of his neighbours . . . incarcerated . . . his freedom removed," said Mr. Stoddart in great agitation.

The MP even managed to bring the Queen in on his side because Lord Hailsham, the Lord Chancellor, had suggested in a letter that the incident had been an insult to Her Majesty.

According to Mr. Stoddart, the Queen has too much business sense to think any such thing—"she knows that money in any form when offered should be accepted with alacrity."

Thatcher sidesteps 'coup' query

By Richard Evans, Lobby Editor

THE PRIME MINISTER yesterday refused to become involved in allegations that a political "coup" was under preparation in 1968 to remove Sir Harold Wilson from office.

Mrs. Thatcher, asked by Mr. Ted Leadbitter, (Lab., Hartlepool) in the Commons whether she was satisfied with arrangements "for detecting any plans to subvert the elected government," deliberately sidestepped the question.

She simply drew Mr. Leadbitter's attention to the directive to the Director General of the security service reproduced in Lord Denning's report in 1963, following the Profumo scandal. She also referred to Lord Denning's observations on the functions of the security service.

The question had been tabled by Mr. Leadbitter, following allegations that in the late 1960s Lord Mountbatten, together with Mr. Cecil King, and Lord Cudlipp — both former heads of the International Publishing Corporation —had been involved in discussions about removing Sir Harold Wilson

Tebbit stresses need for securing early progress on steel

BY IVOR OWEN

NEW MOVES to overcome the obstacles to ending "unfair" national subsidies to steel makers will be discussed at an *informal* meeting of EEC Industry Ministers today.

Mr. Norman Tebbit, Minister of State for Industry, who will represent Britain, underlined the importance of securing early progress when he was questioned in the Commons yesterday about the perilous position of private sector steel firms.

He was asked for an assurance by Mr. Colin Shepherd, (C., Hereford), that the competitive position of private sector producers would not be undermined before state aids were withdrawn.

Mr. Tebbit replied that, unless there was an agreement on sensible prices, capacity reduction and the phasing out of aid, those sectors of the steel industry which were not subsidised, whether in Britain or other countries, would be at great risk.

He said: "That is why I am very anxious to get this business done with."

Mr. Tebbit said he hoped that today's discussions would lead to the removal of state subsidies in the "reasonably foreseeable future."

Explaining the difficulties involved, he said: "Nobody wants to reduce capacity, least of all us, because we have reduced our capacity very greatly already."

Tebbit: "Nobody wants to reduce steel capacity."

He told MPs that over the 10 years to the end of March this year, the Government had provided or guaranteed finance to the British Steel Corporation amounting to about £5,700m to finance its capital investment programme, working capital requirements, redundancy costs, and revenue deficits. Latest estimate for 1981-82 was about £750m.

Co-op development body hopes for more funds

BY RHYS DAVID

THE Co-operative Development Agency, set up in 1979 to encourage the creation of co-operative enterprises, is expected to learn before the end of next month whether it will secure further Government funds to enable it to carry on beyond September.

The agency, which has dealt with about 1,000 inquiries in its three-year existence, was given an initial grant of £900,000, most of which has been exhausted.

Provision for a further £600,000 to be made available was included in the Act setting up the agency, but this depends on an affirmative resolution of the House of Commons.

The agency, which employs a staff of 20 to advise co-operative aspirants, has been conducting some low-key lobbying at Westminster aimed at winning further Government backing. Lord Oram, its chairman, said in Manchester yesterday they hoped the remaining funds would be voted through.

The CDA estimates there are about 300-400 worker-co-operatives in the UK, some dating back to the last century but many more the creation of the past few years.

The main sectors where co-operatives have sprung up *include retailing — particularly* whole food and bread-making—distribution, catering, printing and publishing—especially small local newspapers — professional services, engineering and electronics, footwear and textiles, building crafts and entertainment. (The High Street Co-op shops are in a different category, being owned by their consumers, not their workers.)

The agency claims that, in the three years it has been in business, it has managed to make the principle of co-operation as a way of running a business much more widely known and that this is reflected in a big rise in the volume of inquiries.

The CDA has helped to evolve new forms of co-operative sharing and believes it may have found one means of introducing greater employee participation in existing enterprises. It has been working with a large company on a scheme whereby a block of shares would be made available to a co-operative representing employees wishing to participate.

As a group working together, the employes would be able to exercise much greater influence over company affairs than as individuals taking part in an employee share scheme.

Support for the Agency has come from other parts of the co-operative movement, including the Co-op bank.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

A 'drawing board' you can order about

AN EARLY example—there will undoubtedly soon be many others—of direct speech input to a machine is afforded by the announcement from Calma that commands to its computer aided design (CAD) machines can now be spoken.

Normally commands such as "zoom" or "move" have been selected from screen-displayed menus using a light pen. The company claims that since the response time of the CAD system to instructions is so fast it is well worth employing the naturally faster speech approach. The operators uses a noise-cancelling microphone on a headset so that the hands are free for keyboard use or other purposes.

Calma is using a system designed by Interstate Electronics in California and is offering it as an option which adds about ten per cent to the price of a workstation.

The system trains itself to the voice patterns of a specific user and normally can recognise about 50 words in any language. For "training" purposes the machine needs to hear the list of words only three times and will take an "average."

Calma says that faster input and the ability of the operator to keep his eyes on the screen has, in demonstrations, permitted "substantial productivity improvements in the design of complex integrated circuits."

The system allows a voice pattern to be translated into anything from a single digit or character to a complex execution call. Design input, editing, analysis and output functions can all be accessed via voice. The system will accept either single-word commands or phrases up to one second long, and is said to have a 98 per cent accuracy rate. Several different 50 word vocabularies can be kept at the same time so that other operators can take over or other tasks carried out.

This introduction of voice recognition to CAD is something of a landmark in the U.K. Companies such as IBM, ICL, The Joint Speech Research Unit, NCR, NPL, Plessey and Siemens (via its new acquisition Threshold Technology) all have projects in hand.

Siemens is said to have a continuous speech recogniser working at 180 words/min. ready for the Hanover Fair (April) while IBM is believed to be near to announcing a speech-driven typewriter. Logica is known to be working with the JSRU on a "black box" which goes well beyond the isolated word stage.

Dr. Mike Underwood of ICL's Advanced Development Centre at Stevenage takes the view, as do many researchers, that for the recognition of continuous speech or even reasonable length sentences there will generally be insufficient information in the speech signal alone.

"Speech understanding systems" (SUS) will be necessary so that, to distinguish between such confusions as "grey tape" and "great ape" the machine will have to detect whether the general context is that of a haberdasher's shop or a zoo.

The best SUS systems so far have achieved 90 per cent success with 1,000 words, but very high speed processing on a powerful mainframe computer has been necessary. IBM is said to have reached these levels on an experimental basis.

Hardware is not likely to be the problem in the long run with continually reducing integrated circuit costs, so that the winner will be the organisation that conquers the software.

GEOFFREY CHARLISH

Texture covered texts

CHALLENGING THE old adage "never judge a book by its cover" are Printafoil's hot foil technologists who have augmented the recent development of a new series of textured dies with an unprecedented all-British process which the company claims cannot be achieved by any other conventional printing or foil blocking technique.

Starting with book jackets, the "Cobra" die process was launched at last month's London Book Print Fair to capture the eyes and pockets of publishers and graphic designers. The process offers a range of textured finishes which, combined with the currently available cavalcade of coloured foils gives a luxury touch to a number of products far and away from the paper-back book market.

More details and samples of range of textures from Printafoil. (01-640 3074).

European biotechnologists are talking in Eastbourne as **David Fishlock** discusses . . .

The biotechnologists Mrs. Thatcher visited

DR. J. LESLIE GLICK is seeking a sponsor for a new way of making alcohol. The yeasts normally used in alcoholic fermentation are killed by high temperatures and high alcohol concentrations, which is why wines contain no more than about 15 per cent. But Dr. Glick has an enzyme which will continuously ferment alcohol at temperatures above 80 degrees C—higher than its boiling point of 79 degrees C. In this way he can make ethyl alcohol exceeding 90 per cent without distillation, he claims.

Dr. Glick is chief executive officer of Genex Corporation, one of the new "genetic engineering" companies which have been exciting the U.S. stockmarket recently. Once he was a molecular biologist himself, skilled in the science behind genetic engineering. Today, he says: "I'm a professional entrepreneur living by my wits."

Those wits led him, less than four years ago, to accept the proposal of an American venture capitalist, Mr. Robert Johnston. Together, they set up Genex, at Rockville, a few miles from Washington DC. There he entertained the Prime Minister, Mrs. Margaret Thatcher, when she visited the US recently.

Backers

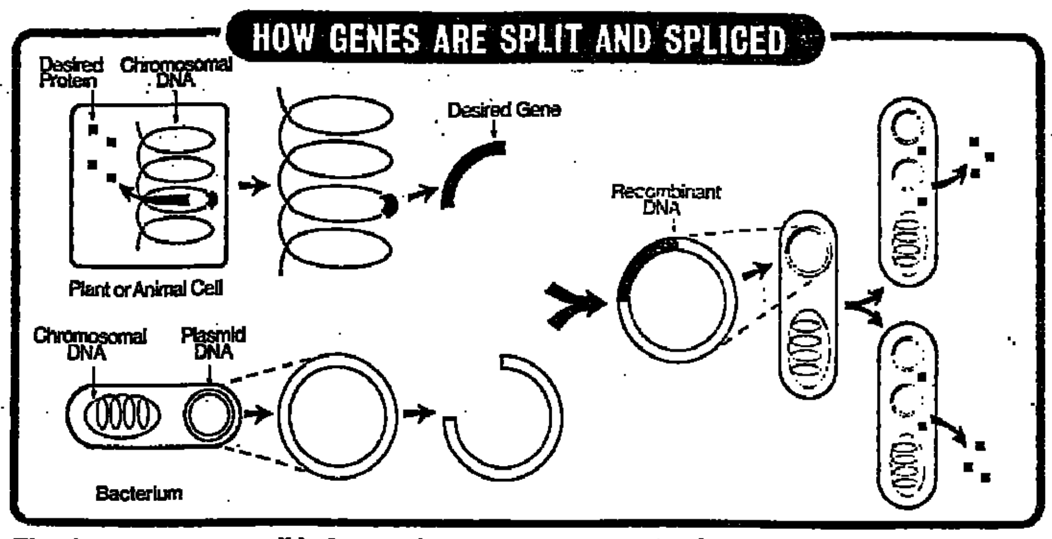
For a year, he and Mr. Johnston: "ran it out of our pockets," to the tune of more than U.S. $50,000. Then industrial backers with an eye to "high technology" began to invest. Innoven, a venture capital fund backed by Monsanto and Emerson Electric, came in first, followed by Koppers, a U.S. engineering group with interests as diverse as forest products and organic chemicals.

Genex, says Dr. Glick, was born with "very few employees and a lot of consultants." He hired his fourth employee in May 1979. Today he has 88, one-third of them PhDs. By the end of the year he expects to have at least 120; and twice as many by the end of 1982.

The dreams that sustain this phenomenal rate of growth in a venture that still has almost no commercial products to offer are different dreams from those of Cetus, Genentech, Biogen and other well-publicised genetic engineering ventures, including Britain's Celltech. Where others have sold themselves to investors chiefly on the promise of new and cheaper drugs, cures for diseases that still baffle science, Genex is pursuing a host of other industries.

Its market might broadly be called fine chemicals: intermediates and additives of every kind required by the process industries, which might be made cheaper or purer by genetic engineering. Dr. Glick sees many more opportunities in fine chemicals than in drugs, and far fewer risks of running foul of regulatory authorities on toxicity and other hazards: "We just don't want that hassle," he said.

HOW GENES ARE SPLIT AND SPLICED



The chromosome responsible for creating the desired protein is freed from the cell and the vital gene removed. It is then spliced into the genetic material of the bacterial plasmid. Replaced in the bacterial cell, the gene continues to create the protein; and as the bacterium multiplies, in vast quantities.

The accompanying sketch illustrates the basic techniques of genetic engineering, involving the splicing and cloning of the genetic material, DNA. Enzymes are used to cut DNA at specific points in the molecular chain to free the desired gene. Other enzymes are used to recombine this gene with DNA from another organism, plant or animal, as the diagram shows.

In this way it is proving possible to improve greatly the product yield of substances too complex to consider synthesising, and even to make entirely new products. Once the appropriate DNA has been assembled, the expectation is that it can readily be replicated by biotechnology—or fermentation, to use the traditional term.

One example is bovine growth hormone, a natural substance known to boost milk production by about 20 per cent, but too scarce and expensive for widespread use. Genex has transferred the gene responsible for making bovine growth hormone into a bacterium. If it can now successfully cultivate this bacterium by fermentation it could have the basis of an inexpensive process for making the hormone.

Similar principles, says Dr. Glick, apply to a host of chemicals, from agricultural products such as animal feed additives, fertilisers and pesticides, to human food additives and fuels. Genex has examined some 15 product categories embracing 500 chemical compounds (see table). "Today the current market value worldwide is about US$125bn. We believe that in 20 years some US$40bn worth will be obtained by means of using genetically engineered micro-organisms."

TARGETS FOR GENETIC ENGINEERING

Product category	Number of compounds
Amino acids	20
Vitamins	10
Enzymes	50
Steroid hormones	20
Peptide hormones	10
Viral antigens	15
Short peptides	2
Nucleotides	2
Miscellaneous proteins	5
Antibiotics	80
Gene preparations	3
Pesticides	5
Petrochemicals	270
Gases	3
Minerals	5
Total	500

Genex is a research and development company with an internationally famed molecular biologist, Dr. David Jackson, at its helm as scientific director. While its PhDs are trying to bring some of its hopes for genetic engineering of fine chemicals to fruition, it is already earning revenue from research contracts. For example, while avoiding drugs as part of its own business objectives it has nevertheless succeeded in genetically engineering interferon under a contract for Bristol-Myers. Once its contract is completed, however, it will be up to the sponsor to decide whether and how to exploit the Genex technique.

Dr. Glick estimates that its research earnings are spread equally between the U.S., Europe and Japan. It earns virtually nothing from Britain, however — "though not for lack of trying." Its research contracts can earn not only fees but bonuses and, in the event of commercial success, royalties, too.

After research contracts its biggest source of revenue is technology assessment. This division was originally set up to give Genex itself a good feel for what it was doing. But it also turned out to be a good marketing tool for the company, says Dr. Glick. For one U.S. company it has prepared a plan for a factory making 900m lbs. a year of speciality chemicals by fermentation. It undertakes a technology assessment of every potential product it is pursuing itself, averaging about 10 man-years for each assessment.

The research side of Genex is already working in the age of expensive instrumentation, with automated synthesisers—the so-called "gene machines"—costing from U.S.$15,000-50,000 apiece. But such machines can already do in one to two months a gene synthesis that would have taken three years only a decade ago. In another 18 months, manufacturers have promised, they will supply a machine that can do it in one week.

Fermentation

In support of this scientific programme, Genex has invested about U.S.$15m in laboratories and pilot plant capacity. It developed the first of its own products last year. Dr. Glick is understandably coy about its precise nature, but corporate interest clearly focuses on continuous fermentation using immobilised cells made by genetic engineering.

It plans to have its first new product in pilot production next year. His optimism about corporate manufacturing goals is reflected in the fact that the pilot fermenters it is purchasing are unusually big, up to 3,000 gallons capacity, and in that he has already recruited Mr. J. Patrick Montgomery, a top chemical engineer from one of the biggest U.S. groups in fermentation, as his production manager.

"We don't need money for research or consultancy, we need it for plant and equipment," Dr. Glick says. The real risk is that the products the company is pursuing will not work, or cannot be made economically: "I would call it extremely high risk."

"Tell me about the risk," urged Mrs. Thatcher, when she met Leslie Glick. "The trick is to get people into the company before you get capital," he said. "You offer equity instead of salaries. That, we think, is the ideal way of setting up a company." The risk, he explained—to her evident surprise—was that over 90 per cent of such companies operating at the frontiers of a novel technology were doomed to fail. But a few per cent would make it and some would become very big.

"That's why its called high risk. And that's why I think investing in a high-risk enterprise should have a very low tax rate. Why should anyone want to put money into something like that when they can get high interest bearing accounts? At any rate, I think it's really a function of tax structure," he said.

"Message received and understood," replied Mrs. Thatcher. "It's worth risking something. You are willing to risk something if you stand to gain a great deal, and it is also exciting—better than betting on horses."

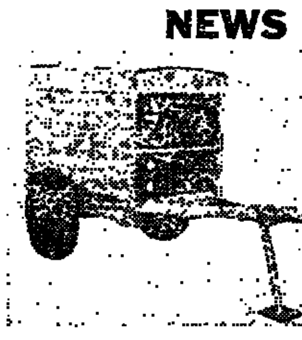
NEWS IN BRIEF

WELDING

A NEW diesel engine-driven welding unit has been launched in the UK by GKN Lincoln Electric, Black Fan Road, Welwyn Garden City, Herts AL7 1QA (070 73 24581).

Called the Arcmaker Nomad 400-3, it is claimed to offer improved fuel economy. Estimated consumption of the Perkins engine is 1.6 gallons/hour operating at continuous full load at 1800 rpm, compared with 2.7 gallons/hour for previous models. Improved design and manufacture have allowed selling prices to be reduced by about 20 per cent, it is stated.

Maximum welding output is 425 amps, with 300 amps at 60 per cent duty cycle. There is also a 3KvA 110v auxiliary power supply.



HANDLING

GRANITE aggregates are now being brought in 1,000 tonne trainloads from Redland Aggregates' Budden Wood Quarry near Leicester to a new railhead at Tallington near Peterborough.

The depot, located at Dow Mac Concrete's factory, will supply aggregates for the manufacture of concrete railway sleepers and bridge beams and will also supply the local market with stone for general use in the construction industry.

Up to 600 tonnes an hour can be handled at the depot where the aggregate is delivered into a number of storage compounds with a total capacity of about 7,000 tonnes.

CRANES

SPARROWS OF Bath has become the first crane hire company in Western Europe and the Americas to acquire the largest crawler crane free on tracks in the world.

Made by Mannesmann Demag Baumaschinen of Dusseldorf, West Germany, this is the CC 4000 with a lifting capacity of 1,600 tonnes when fitted with twin main boom and ring.

Even as a basic crawler crane the machine is said to have a lifting capacity of 650 tonnes (800 tonnes with Superlift) and it can pick up and carry loads of up to 720 tonnes.

PACKAGING

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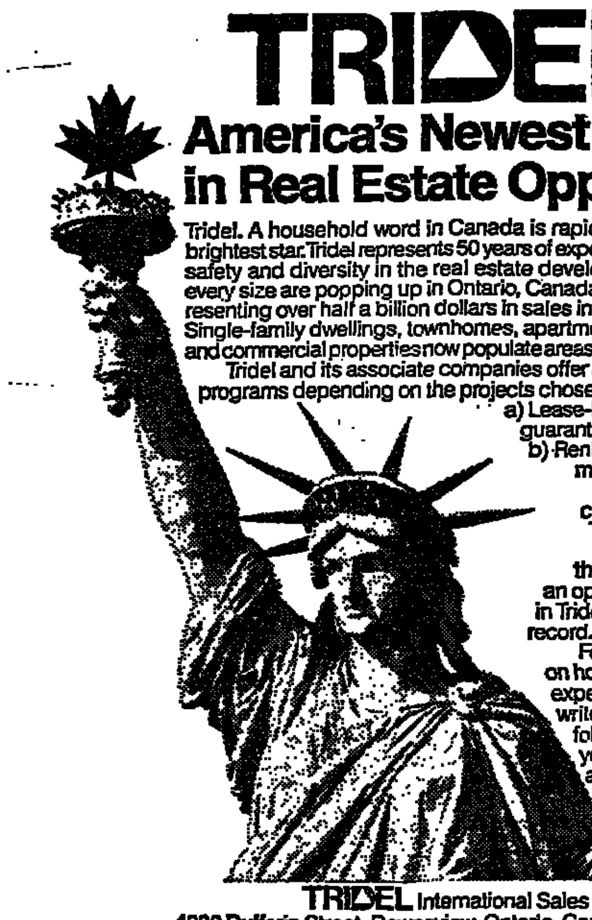

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APPOINTMENTS

British Aluminium executive post

Dr. S. J. Ford has been appointed deputy managing director of the BRITISH ALUMINIUM COMPANY. He joined the company in 1966 and was made commercial director of the group in 1973. In the following year he became managing director of Aluminium Corporation, a BA subsidiary, at Dolgarrog, North Wales. Dr. Ford was appointed to the Board of British Aluminium in 1977, at the same time becoming managing director of the company's primary aluminium division based in Inverness. In 1977 he became a member of BA's management committee and took up the post in London.

★

The Energy Secretary has appointed **Mr. Harold Keating** and **Mr. Geoffrey Pratt**, as part-time members of the BRITISH GAS CORPORATION board. The appointments are for three years from March 30. Mr. Keating and Mr. Pratt will continue in their present posts as chairmen, respectively, of West Midlands Gas and South Eastern Gas.

★

Mr. J. H. Purslow has retired as financial director of BLOCKLEYS and is succeeded by **Mr. Kenneth Francis Kinnear**, previously deputy to the financial director.

★

Mr. Alan J. C. Dudley and **Mr. Gerald G. Hunt** have been appointed directors of E. E. AND BRIAN SMITH (1928).

★

Mr. John Crawford, group chief executive of Motherwell Bridge (Holdings), has been appointed deputy president of the PROCESS PLANT ASSOCIATION.

★

Mr. Richard Barclay Smith has been appointed a director of LOWLAND INVESTMENT COMPANY, one of the investment trusts managed by Henderson Administration.

★

Mr. Terence Higgins has been appointed a vice-chairman of the SAND AND GRAVEL ASSOCIATION. Mr. Higgins is managing director of Bruntingthorpe Gravels and of Wanlip Gravels, both affiliated concerns of William Davis.

★

Mr. Kurt Schwarz has been appointed deputy managing director of the LAURENCE SCOTT GROUP of Norwich. Mr. Schwarz joined the company in 1947 and became technical director in 1965. Laurence Scott also announces five new divisional director appointments at Laurence Scott and Electromotors, the main subsidiary. These are: **Mr. D. A. Brydon**, special products division; **Mr. W. G. Harvey**, services division; **Mr. K. C. Jackson**, control gear division; **Mr. C. R. Mortimore**, rotating machines division; and **Mr. T. Wardley**, foundry division.

★

Mr. Charles M. Winter has been made deputy managing director of the ROYAL BANK OF SCOTLAND.

★

Mr. David Kirsch has been appointed joint managing director of MODERNLINE TRAVEL with **Mr. Barry De Friend**.

★

Mr. Graeme S. Kidd has been appointed a director of CHRISTIANI AND NIELSEN.

★

Mr. Leslie Lidstone, chairman of ESAB, has retired from the Board at his own request. He is succeeded by **Mr. Bengt Eskilson**, the managing director of the ESAB Group. Mr. Lidstone is now personal adviser to Mr. Eskilson.

★

BANKERS TRUST INTERNATIONAL, a subsidiary of the New York-based Bankers Trust Company, has appointed **Mr. Michael J. Wellman** and **Mr. Robert H. V. Douglass** to senior posts in the London office. Mr. Wellman, a vice-president of Bankers Trust Company, has been assigned responsibilities for project finance at BTI and the marketing of investment banking services in the Middle East and Africa. Mr. Douglass transfers from the Tokyo office of Bankers Trust where he was the representative for BTI (Asia). As a director, Mr. Douglass will serve as senior marketing officer for BTI, with particular responsibility for developing a selected number of major European clients.

★

Mr. John Abecasis has been appointed managing director of EGGAR, FORRESTER OFFSHORE, the offshore division of London shipbrokers Eggar, Forrester.

★

Mr. Peter H. Erlen and **Mr. Donald M. Macdonald** have been appointed directors of WESTFALIA SEPARATOR. Mr. Erlen will continue to be company secretary and Mr. Macdonald will maintain his responsibility for overseeing sales and marketing of the Company's industrial range of products and services.

★

Mr. Stuart Thompson has joined SCHRODER LIFE ASSURANCE as assistant actuary.

★

Mr. W. E. Kirkbride (Furness Withy Shipping), and **Mr. T. T. Geddes** (P & O Strath Services) have been elected chairman and deputy chairman respectively of the LONDON GENERAL SHIPOWNERS' SOCIETY. The retiring chairman was **Mr. G. A. B. King** (BP Shipping).

★

Mr. Ernest Sharp has joined the Board of DEVITT GROUP as a non-executive director.

★

Mr. John McCallum, chief designer of the QE2, will retire on June 30 as LLOYD'S REGISTER'S chief ship surveyor, a post he has held since 1970. His successor will be **Mr. James Cheshire**, at present LR's chief representative and senior principal surveyor for the U.S.

★

Mr. Cheshire will be succeeded by **Mr. Hilary Allen**, now LR's principal engineer surveyor for the U.S. He will take over the New York-based position when Mr. Cheshire returns to Britain.

★

The Earl of Bathurst has become president of the INSTITUTE OF SALES AND MARKETING MANAGEMENT, the new name for the former Institute of Sales Management, based at Leamington Spa, Warwickshire.

★

Mr. Alan Guest, at present a regional general manager, is to become chairman of the Manchester local Board of BARCLAYS BANK and senior local director of the bank's Manchester district on July 1. He has also been appointed a director of Barclays Bank UK from that date. Mr. Guest succeeds **Mr. Tom Ashton** who is giving up his executive duties on June 30. Mr. Ashton will remain a director of Barclays Bank and Barclays Merchant Bank.

★

Mr. Richard Cawood, **Mr. Robert Kandel**, **Mr. Christopher Buzzard**, **Mr. Clive Brangwin**, **Mr. Michael Hoffman**, **Mr. Andrew Murray**, **Mr. Alan Page** and **Mr. Geoffrey Carr** will be joining the partnership of SCRIMGEOUR KEMP-GEE AND COMPANY, stockbrokers, on April 10.

★

Mr. Anthony Rentoul has joined the partnership of D. J. FREMAN AND COMPANY.

OVERSEAS

Mr. John B. Fraser, formerly a managing director of First Boston Corporation, has joined the Morgan Grenfell Group as president of MORGAN GRENFELL INCORPORATED in New York. Mr. Fraser has also been appointed a director of MORGAN GRENFELL INTERNATIONAL.

★

Stig Arne Olson is to become managing director of VOLVO BUS CORPORATION in Gothenburg, Sweden, later this year. He will be succeeded as managing director of VOLVO TRUCKS (GREAT BRITAIN) by **Mr. Bernt Brandtzaeg**, at present managing director of Isberg's A/S, Norway.

★

Dr. Ing Lothar Jaeschke has been appointed president of UHDE GmbH of Dortmund. His predecessor, **Dipl.-Ing. Hans Uhde**, is joining the supervisory Board on his retirement.

★

The INTERNATIONAL FINANCE CORPORATION has named **Mr. Jose M. Ruisanchez** vice president operations, for Latin America and the Caribbean. He will move to the newly-created post from his present position of director with IFC for the department of investments, Latin America and the Caribbean.

★

Mr. L. S. F. Charles, managing director of the British Aluminium Company, has been appointed first president of the EUROPEAN ALUMINIUM ASSOCIATION, which was set up in Dusseldorf on March 26.

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THE MANAGEMENT PAGE

How BL applied the brakes to its rolling reorganisation

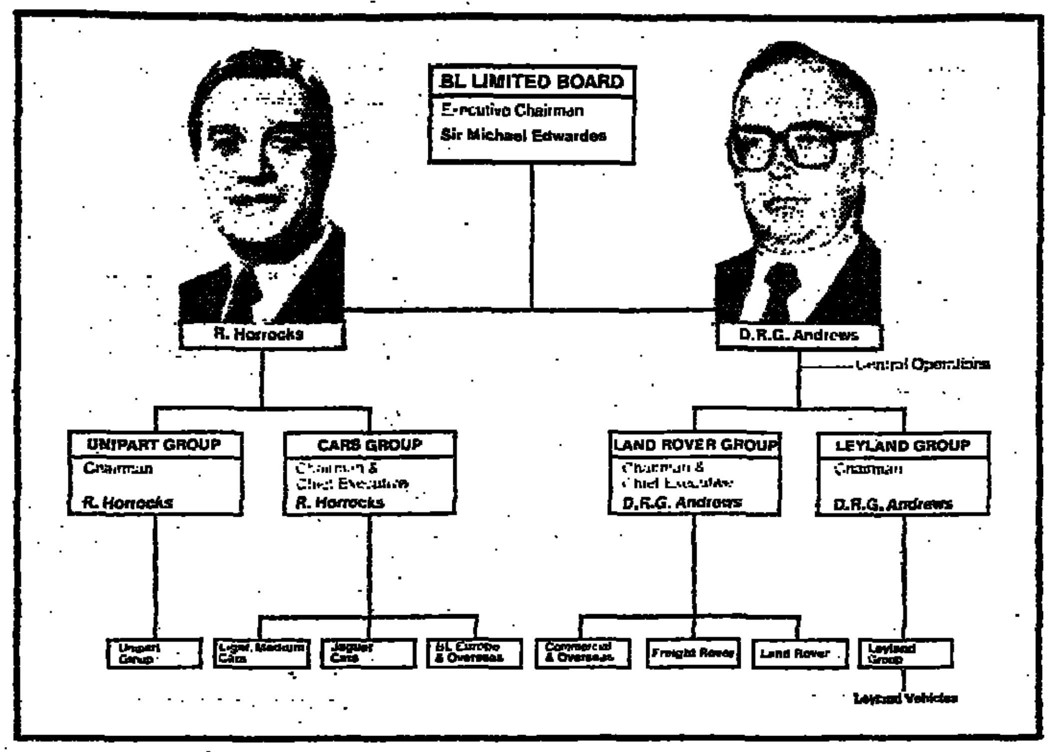
BY KENNETH GOODING

EVEN seasoned BL-watchers are confused by the constant changes in the group's management structure—the chairman, Sir Michael Edwardes, once dubbed it the "rolling reorganisation."

But the latest restructuring, which took effect at the beginning of this month, deserves closer attention. First it seems to have every chance of staying in place for some time to come. Secondly, it has brought into the picture two men who could be in line for Sir Michael's job should he eventually decide to quit BL. More controversially, it could also provide a framework for a relatively easy disbandment of the cars operation, should it become a necessity.

BL has now been split into four major groups: Cars, Unipart (spare parts), Land Rover, and Leyland (trucks and buses) in order to concentrate management and development into distinct world-wide businesses in separate product areas.

Sir Michael maintains: "It is the intention that the future of these groups will largely depend on their own efforts in developing their own business opportunities within an overall corporate framework."



The new lines of responsibility at BL—aimed at giving more autonomy to the individual units

The performance of each group will be monitored separately against their individual business plans, which will form the basis of future BL corporate plan submissions to the Government.

Sir Michael describes the changes as "further decentralisation." Within the Leyland Group, for instance, the three main product lines—trucks, buses and parts—will be developed as distinct units, each with its own managing director. Previously there was one MD for the whole of the commercial vehicle interests. A similar strategy has been followed by fragmenting the former Cars division and giving more responsibility to the managers of the individual units.

Responsibility for the new groups is divided between two BL Board executive directors. David Andrews, executive vice-chairman of BL, is responsible for Land Rover and Leyland groups, and Ray Horrocks has responsibility for Cars and Unipart groups.

Each reports directly to Sir Michael in his role as executive chairman.

With the latest restructuring of BL, and his increased responsibilities, Horrocks joins the main board, becoming only the third executive director on the compact board. The other four members, Sir Austin Bide (of Glaxo Holdings), who is deputy chairman, Sir Robert Clark (Hill Samuel), Sir Robert Hunt, and John Mayhew-Sanders (John Brown Group) are all non-executive directors.

The development of the four new groups within BL will be co-ordinated by four corporate panels: executive; investment; management resources; and technology, and will be supported by a small corporate services staff.

The Unipart and Land Rover operations are profitable, according to BL, and have been split away from the cars division. The Sherpa van business has been reconstituted as Freight Rover and has become part of the Land Rover operations.

This will enable a new range of vans to be developed to link up with the smaller trucks from Leyland's plant in Bathgate, Scotland.

The changes, maintains BL, will enable the hard-pressed management team to concentrate more attention on the car operations, which accounted for about £266m of BL's trading losses of £294m yast year.

But the separation, as some trade unionists have been quick to point out, would make it easier to close down BL Cars if there was, for example, a prolonged dispute at one of the plants and the corporate plan had to be abandoned.

In spite of what some unionists see as an aggressive move by Sir Michael, the mood of the BL management seems to be just the opposite. Sir Michael apparently plans to move ahead cautiously with the rest of the streamlining process, gaining most of the extra job reductions he needs by voluntary means. He has consistently argued that he would not contemplate selling off profitable parts of BL such as Unipart or Land Rover although, of course, the new structure makes that much less complicated.

He will resist any pressure to hive off the profit makers even more strongly from now on because he sees those two operations in particular as useful bargaining counters in potential collaboration or partnership deals. Now the Government has promised funds for two years for BL, such deals should be less difficult to achieve.

Sir Michael believes that the more of these collaborative arrangements BL can complete, the more likely the group will be to reach its target of making profits in 1983 and standing as a viable entity within five to ten years.

When sex rears its ugly head in the office

BY ARNOLD KRANSDORFF

ABOUT 15 per cent of American men in Federal employment have experienced some form of sexual harassment in the office, a recent Government report to the U.S. House of Representatives suggests.

This surprisingly high figure compares with 42 per cent of women who said they had endured similar harassment.

These statistics, and other material, show that sexual misconduct in the office is a "big problem," according to the latest U.S. survey on the subject published in the March/April issue of the Harvard Business Review.

Unfortunately, the survey finds, top management is unaware of situations involving harassment. And many victims, particularly women, despiar of having traditionally male-dominated management understand the problem, and securing their support in resisting it.

The survey, which was conducted in association with Redbook magazine, does not make any attempt to quantify the problem but concludes that sexual harassment can affect the morale, self-confidence and efficiency of many workers. More than 1,800 HBR subscribers took part in the study.

Explaining the difficulties of conductiong such research, the authors point out that there was disagreement on what constituted harassment, and even whether it was prevalent; two-thirds of men and a half of the women thought that sexual harassment in the office was greatly exaggerated.

"But because so many perceive it as a problem and because the U.S. Equal Employment Opportunities Commission has issued guidelines and raised the prospect of stepped-up litigation by employees, top management . . . clearly should pay attention to the issue."

"Sexual harassment will soon be a thing of the past in this organisation."

The EEOC guidelines, published in November last year, define sexual harassment as "unwelcome sexual advances, requests for sexual favours and other verbal or physical conduct of a sexual nature" that take place under a variety of circumstances.

These include situations where submission to a sexual advance is a condition of keeping or getting a job, where a boss makes a personnel decision based on an employee's submission to or rejection of sexual advances, and when sexual conduct unreasonably interferes with a person's work performance or creates an intimidating, hostile or offensive work environment.

According to the EEOC, employers have a duty to prevent and eliminate sexual abuse, and this is backed up by legislation which provides victims of sexual harassment with redress against employers.

From the replies of its subscribers, the authors found that:

- sexual harassment is seen as an issue of power. A supervisor's behaviour was seen as considerably more serious and threatening than the same action by a co-worker.
- while men and women generally agree in theory on what sexual harassment is, they disagree on how often it occurs.
- top management "appeared isolated from occurrences of harassment," and middle-level managers were somewhat less aware of misconduct than lower-level managers.
- while most employees favoured company policies against harassment, few organisations had any policies to redress the problem.

"Although the survey was designed to investigate mainly women's experiences," the authors add "we recognise that harassment of men by women and homosexual harassment does occur, also with distressing consequences to the victims."

They observe that, until recently, consciousness of sexual harassment has been low. "But people have become aware of it as more women have arrived at levels of authority in the workplace, feminist groups have focused attention on rape and other violence against women, and students have felt freer to report perceived abuse by professors."

* *Sexual Harassment, by Eliza Collins and Timothy Blodgett, Harvard Business Review, Boston, MA 02163, U.S.*

Two very different deputies

SIR Michael Edwardes' two new deputies could hardly be more different in character. David Andrews, 48, is a quiet, rather introverted type who is BL's great survivor. He joined what was then British Leyland as long ago as 1969 and has doggedly stuck to the group—even when there was a mass-exodus of other executives, particularly after Sir Michael arrived at the end of 1977, bringing with him his famous psychological tests for the management team.

Andrews was born in Canada but was educated in the UK at Abingdon School and then Pembroke College, Oxford.

On joining Ford in 1960, he held a variety of senior appointments in finance until he became assistant controller of Ford of Europe. He switched to British Leyland, as financial controller, in 1969.

It was Andrews who headed the team which reviewed the Mini replacement programme after Sir Michael's appointment, a review which resulted in the previous plans being scrapped in favour of the Metro.

Andrews became executive vice-chairman when Alex Park, who had been BL's chief executive until Sir Michael's arrival and was then given the former role, decided to leave.

In contrast to Andrews, Ray Horrocks is a back-slapping extrovert who appears to have the ability to smile through all adversity—of which he has seen plenty since his association with BL's volume car business began.

Horrocks, 50, was born in Bolton. His early career was as a salesman for nearly five years with Marks and Spencer: he was then recruited by the Littlewoods mail order organisation and ended up running a sizeable business within Littlewoods.

He switched to the motor industry—also to Ford—in 1963 in the replacement parts operation and did not really get near the production side of the business until 1967.

Among other appointments he was marketing manager for cars and then headed the newly-created Advanced Vehicle Operation which he ran for three years.

In mid-1972 he left Ford to become "general manager, materials handling Europe and the Middle East" for Eaton Corporation's UK subsidiary. In his five years there he pushed through a major reorganisation.

Horrocks joined BL only two months after Sir Michael, as deputy managing director of the cars division. Shortly afterwards, Derek Whittaker decided to resign as managing director of Leyland Cars leaving Horrocks in charge of the division ever since, although it has changed shape and name on several occasions.

Management abstracts

These summaries are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £2.50 each (inc. VAT and p and p; cash with order) from Anbar, PO Box 23, Wembley, HA9 8DJ.

Problems of Multinational Consolidation. E. F. Castle in The International Journal of Accounting (USA), Autumn 80: p.209 (11 pages, tables)

Discusses the principles of consolidation used by Shell UK, and examines technical difficulties involved—not least, the need to comply with both UK and U.S. accounting requirements.

Making Pollution Prevention Pay. M. G. Royston in Harvard Business Review (USA), Nov/Dec 80: p.6 (10 pages, tables, bibliog.)

Gives examples of how named companies in U.S. and Europe are said to have successfully implemented industrial pollution control which also resulted in substantial cost savings; describes the approach of the 3M Company in particular and those of other multinationals in less detail. Provides an extensive and annotated bibliography of "no-waste" technology.

The Managers of Four Countries. M. Hammond in Manager Magazin (Fed. Rep. of Germany), Oct 80: p.123 (5 pages; in German, English version available)

Summarises the conclusions of a survey accredited to Professor G. Hofstede of the European Institute of Advanced Management Studies (Brussels) into management styles in different countries, with reference to U.S., Japan, France and Britain.

LOMBARD

Time to act on gold control

BY DAVID MARSH

ON JANUARY 7 last year, when the gold price moved up to $630 per ounce on its way to the peak of $850 later that month, leading central bankers attending one of their regular gatherings in Basle discussed whether sales from official bullion reserves might be a sensible way of dampening the soaring price.

Chomping through the Cordon Bleu cookery in a back-room of the Hotel Euler, they quickly came to the conclusion that it was not a good idea, and passed on to the next course.

Profits

Earlier that day—and almost every day that month—the pavements were congested outside the bullion trading companies of Hatton Garden. Scores of people were queueing up to sell unwanted gold and silver ornaments and trinkets at windfall prices. The profits helped many of them weather the ravages of recession

If the central bankers had followed the advice of Dr. Fritz Leutwiler, *president of the* Swiss National Bank, to sell off part of their stocks at last year's high prices (and buy them back again at a lower price later on), they would have sampled the dual delight of both beating the markets and earning a tidy profit for the taxpayers.

This classic example of the man in the street getting his investment timing right, and the central bankers appearing to get it wrong, underlines more than the fallibility of highly-paid gourmets.

The much more important point of the tale is that during the past few years of rocketing and volatile gold prices, central banks have been allowed to get away all too easily with their comfortable game of having the best of several different worlds.

Pleading a desire not to become involved, and ignoring the fact that about one-third of all the gold ever dug out of the ground is held by Western central banks and governments, the central bankers have failed to assert any role in policing the price of the metal.

At the same time as tut-tutting over speculators pushing up the price, the guardians of sound money have been only too grateful for the boost the price rise has given to their own reserves. Yet so far no *major* Western country apart from Canada (which profitably disposed of 37 tonnes of its reserves last year) has had the courage to turn any of its high-priced bullion stocks into paper dollars.

There are several reasons why this lofty-minded ambivalence cannot be allowed to go on.

● An increasing number of European countries are now running out of options to solve their balance of payments difficulties. Selling for $500 per ounce some of their stocks of gold acquired in the 1950s and 1960s at the bargain price of $35 would make good economic sense.

West Germany would rather borrow from the Saudi Arabians than sell some of its 3,700 tonnes—and it is still in a position to choose. Belgium (the world's seventh largest gold holder), on the other hand, might have the decision forced upon it if other avenues close off.

● A string of developing countries from OPEC and elsewhere *are apeing the old*-established central banks of the West by seeking to build up their own gold reserves. This has had enormous effect in helping to push up the price.

Demand

If Western central banks and governments really want the gold price to be pushed inexorably upwards by self-*fuelling purchases from Libya*, Iraq and other hard money theocracies, then they can of course continue to sit back and do nothing. Otherwise it would be sensible to match OPEC *demand with Western supplies*,

Official efforts to control the gold price would take some of the wind out of the sails of the Soviet Union. Moscow has been both instigator and beneficiary of the gold price spurt. It is cutting sales to the West not only to help boost the price but also to build up its own bullion

Nobody wants the central banks to go back to the pre-1968 attempts to defend a fixed price. That's why Dr. Leutwiler has the right idea: flexible intervention to buy at the lows and sell at the highs. The gold market is too important to be left to the gold bugs.

Glasses that add that extra touch

WINE

BY EDMUND PENNING-ROWSELL

BEFORE a lunch or dinner at which several wines are to be served, there is no more agreeable or encouraging sight on the table than an array of appropriate, matched glasses: or, at least, suitable for the wines to be served.

But how seldom does this occur? More often than not, they are an ill-assorted lot in all shapes and sizes, and no complement to the wine or aid to its enjoyment.

This is not, one hastens to add, simply a question of *money. I am the last to suggest* that one has to acquire vastly expensive glasses such as those made by the French firm of Baccarat, which if elegant are so thin that one is likely to break them through sheer nervousness.

Many other expensive glasses are the wrong shape, or even slightly tinted, which is death to fine wine. One of the most engaging attributes of wine is its colour, which is also a guide to maturity. For that reason the only cutting on a wine glass should be on the stem; a clear view of the wine is what is wanted, not a refracted one.

The requirements of a satisfactory wine glass are quite simple. First, it should be large enough so that when half-filled the wine may be gently rotated in order that the aroma may be developed. This is an important factor in the appreciation of a wine, for only in an ample-sized glass is there enough depth of wine to see the colour.

But this does not imply that the huge goldfish bowls often to be found in expensive French restaurants are appropriate. In my view they are vulgar, while so dispersing the wine in a small puddle in the base that its true colour cannot be determined.

Almost as bad are the large thistle glasses, which in a small size are appropriate for brandy. Any number ranged together on a dining table make it look like an eccentric type of bowling-alley. Medium-sized balloons are *favoured in some* restaurants, but even these are slightly pretentious, suggesting to other diners that they enclose some especially fine wine.

No, all that is required is a generous-sized glass, not much above 6 ins in total height, with a bowl around 4 ins in depth and a stem long enough for the wine in the bowl not to be affected by the heat of one's hand, and big enough to be able to swill the liquid around to release the bouquet. It is also desirable, however, that the glass turns inwards towards the rim, as this helps to concentrate the bouquet. The bowl may look something like a jaffa orange with the top sliced off.

The nearest that I know to this shape are the 8-oz range that have been sold for many years by *Berry Bros.* and *Rudd*, St. James's Street, SW1 and these glasses now cost £1.78 apiece, including VAT.

More expensive, but finer and hand-blown crystal, is the recently introduced Harry Waugh selection. Tulip-shaped, the red wine glasses are in two sizes: the normal 7½-oz at £3.73 apiece, and the 9-oz goblet, which I prefer for size, at £4.35. Among wine merchants that stock them are the Amis du Vin, *Chiltern Street, W1, Averys* of Bristol and Corney and Barrow, Helmet Row, EC1. Most traditional wine merchants sell glasses, which should be appropriate for their wares.

One of the regrettable snobbisms attached to wine that puts people off is that special types of glass are thought to be needed for different kinds of wine—red wine, German wine, champagne. And the creation of special glasses for regional wines, such as those propagated in the Loire, add to this unnecessary multiplication.

One good-sized glass suitable for red wine is nearly always best. At one time I used to follow the custom of serving dry white wines in glasses of the same shape as for the red wines, but smaller. But I largely gave this up because the *delicious aroma of most* whites of quality, and not least of German wines, is then much less evident.

Moreover, a small glass tends to be over-filled, or if not fails to give the drinker a fair chance to assess the wine. Of course, some hosts and hostesses may like it that way!

The typical long-stemmed German wine glass is not unattractive if a little exaggerated, but the bowl is really too small. *This applies also the* "Trier" glass on the Mosel, which though not so tall has a rather shallow bowl, insufficiently concentrating the bouquet.

A coloured stem for a German *wine glass* is permissible, but certainly not the bowl, for the origin of that practice was to obscure the little fragments floating in the wine. Today these are all filtered out before bottling.

For champagne, I like, above all, the flute, which was developed towards the end of the 18th century and was the glass commonly used thereafter until the coupe was developed—at about the time when an alternative receptacle was the shoe of a chorus girl.

The shallowness and wide rim of the coupe make it quite *inappropriate* for a wine with a very delicate bouquet and one particularly affected by quite slight changes of temperature.

Although there are modern versions of the flute, these tend to be expensive and sometimes rather clumsy. Again, the ample red-wine glass is perfectly suitable, as I have good reason to know, as this is how it is served in a society to which I belong.

One reason against serving *sherry and* port in such glasses is that it is rather extravagant. Another is that the bouquet is better concentrated in the smaller copita or dock glass, narrowing to the top. This again should not be more than half-filled so that the wine may be rotated.

The waisted, so-called Elgin sherry glass, often to be found in pubs is an abomination, as well as giving a false impression of the amount of *sherry* it contains. The tiny glasses favoured for vintage port even in university common rooms are no better, as they are inevitably filled to the brim in order that *the consumer* secures a full measure, but they are quite unfair to what may well be a venerable wine.

The same objection, if for rather different reasons, applies to the tiny glasses in which liqueurs are frequently served in restaurants. Perhaps if served in a dock glass or in the smaller table wine glass often assigned to white wines, the measure would look less than fair value for the money.

Brandy certainly calls for a special glass, but not the large balloons fashionable in some quarters, including restaurants where they may serve to demonstrate conspicuous expenditure to the surrounding tables. A small balloon is acceptable but for my taste the best shape is the thistle, also sold by Berry Bros. and Rudd at the same price as their table wine glasses.

The real purpose of a special glass for brandy is that it is greatly improved if slightly warmed by the hand. This should be possible with one hand, without the glass having to be hugged by two. The thistle glass achieves *this* admirably.

It is highly desirable that glasses should be thin, not only for times when the wine needs a little gentle warming, but because it is more *agreeable* to the lips.

Moulded glasses have a thickened rim, whereas those that are blown are the same all over. That they are moulded is *the main objection to the other*wise adequate, round-bowled Paris goblet, to be found in many restaurants. In the common 5 oz size they are too small but in 8 oz or even larger sizes they are perfectly acceptable.

The function of the wine glass is just to display the contents to the best advantage in colour bouquet and flavour. It is surprising that people who go to considerable trouble and expense over their wines often give less than expected attention to their final presentation

Piggott can win on Ganimede

RACING

BY DOMINIC WIGAN

LESTER PIGGOTT, who is now clearly committed to an all-out assault on the Jockeys Cham*pionship, for which he is top*-price 11-10 favourite, will be pulling in the customers at Nottingham today.

The maestro's best chance of adding to last week's treble will *probably come in* the six-furlong Headingley Stakes, in which he teams up with Mr. Carlo d'Alessio's Ganimede.

Ganimede, a chestnut Red God colt and attractive own-brother to the hurdler, Ruby Wine, had just two races as a juvenile. The three lengths conqueror of Empress Carlotta was making a much heralded racecourse début at Yarmouth in August. Ganimede was then sent down to Ascot to contest the far more competitive Mornington Stakes. There, Luca Cumani's colt again ran well but proved a little out of his depth against Centurius. However, his fifth placed effort (beaten only four lengths by the winner) was a creditable one and showed him to be a cut above the average maiden winner.

Although Cumani's team is more backward than some (his runners often show their first form at the Craven meeting) Ganimede's class can see him home again Disto and Welham Green. The last-named failed by only two and a half lengths to give the gambled-on Marking Times 23 lbs at Doncaster on Lincoln afternoon and with Harwood's string already in top gear he seems sure to present problems.

David Morley, for whom Tragus picked up those valuable jumping prizes, the William Hill Yorkshire Handicap and the Freshfields Holidays Chase within a week, will be hoping that Martini Time can give him his second flat winner of the campaign in the Old Trafford appearance to date, this filly caught the eye with a spirited display at Leicester. There Martini Time failed by a head to withstand Lockwood Girl's late flourish in a 16 runner event.

Martini Time again looks set to make the frame, but I suspect that Greenwood Lady, a stable-mate to Lockwood Girl, will just have the edge. Greenwood Lady, a Gavin Hunter trained filly, was another to show good pace on her initial appearance.

NOTTINGHAM

2.00—Greenwood Lady***
2.30—Campton
3.00—Mull of Kintyre*
3.30—Ganimede**
4.00—Grid
4.30—Rawalpindi
5.00—Legal Gambol

TV/Radio

BBC 1

† Indicates programme in black and white

6.40 am Open University (Ultra high frequency only). 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill at One. 1.45-2.00 The Flumps. 3.20 Pobol y Cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 *Godzilla*. 4.40 What's the Idea! 5.05 John Craven's Newsround. 5.10 Children of Fire Mountain.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.45 Rolf Harris Cartoon Time (London and South East only).
7.15 Taxi.
7.40 Wildlife on One.
8.10 When the Boat Comes In.
9.00 News.
9.25 Play for Today.
10.40 Omnibus.
11.33 News Headlines.
11.35 Platform One.

All Regions as BBC-1 except as follows:

Cymru / Wales—5.10-5.40 pm *Bilidowcar*. 5.55-6.20 Wales Today. 6.45 Heddiw. 7.10-7.40 Pobol y Cwm. 12.05 am News and Weather for Wales.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 6.45-7.15 Sorry! 10.40 Current Account. 11.10 Omnibus. 12.00 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 6.45-7.15 Make Mine Country. 10.40 Lifetimes. 11.10 Omnibus. 12.00 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle) Look North West (Manchester); Midlands Today (Birmingham): Points West (Bristol): South Today (Southampton); Spotlight South West (Plymouth). 6.45-7.15 East (Norwich)—Focus; Midlands (Birmingham)—Look! Hear!; North (Leeds)—The £35 Million Pay Off; North East (Newcastle)—The Four Great Seasons; North West (Manchester)—Towards Tomorrow: South (Southampton)—The Getaways; South West (Plymouth)—The Attic Archives; West (Bristol)—Breakthrough '81.

BBC 2

6.40 am Open University.
11.00 Play School.
2.15 pm Snooker: Embassy World Professional Snooker Championship.
4.50 Open University.
6.35 Snooker.
7.25 Mid-Evening News.
7.40 The Hollywood Greats (profile of Edward G. Robinson).
8.30 Hooked!
9.00 Billie Jo Spears.
9.45 One Man and His Dog.
10.25 Snooker.
10.45 Newsnight.
11.30 Snooker.

LONDON

9.30 am Search for the Super. 10.20 Me and Dad's New Wife. 11.05 Mr. Speaker. 11.30 At the Embankment. 12.00 Cockleshell Bay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, *plus* FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.45 The Mallens. 3.45 Barney Miller. 4.15 Five Magic Minutes. 4.20 Take a Chance. 4.45 Ace Reports. 5.15 Emmer*dale Farm.*

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Looks Familiar.
7.30 Bognor.
8.00 Charlie's Angels.
9.00 Plays for Pleasure.
10.00 News.
10.30 Your Own Worst Enemy.
11.30 Rockstage.
12.25 am Close: "Sit Up and Listen." with Rosalind Runcie.

All IBA Regions as London, except at the following times:

ANGLIA

9.35 am. Cartoon Time. 9.55 The Line to Skye. 10.10 Star Parade. 11.00 Superstar *Profile*. *11.30 Floodlit Crown* Green Bowling. 12.30 pm Gardening Today. 1.20 Anglia News. 3.45 Looks Familiar. 6.00 About Anglia. 7.00 Life Begins at Forty. 11.30 It's a Musical World. 12.30 am Pilgrim Ways.

ATV

9.30 am The Coral World. 10.10 Tarzan. 11.00 Sesame Street. 12.30 pm Gardening Today. 1.20 ATV News. 3.45 Looks Familiar. 5.15 Diff'rent Strokes. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 8.00 Robin's Nest. 8.30 *Max Bygraves*. 11.30 ATV News. 11.35 Paris.

BORDER

9.35 am Tarzan. 10.25 Morning Film: "Journey to the Centre of the Earth," starring Pat Boone and James Mason. 1.20 pm Border News. 3.45 Looks Familiar. 5.15 Benson. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 11.30 Border News Summary.

CHANNEL

12.30 pm Gardening Today. 1.20 Channel Lunchtime News. What's On Where and Weather. 3.45 Looks Familiar. 6.00 Channel Report. 7.00 Benson. 10.28 Channel Late News. 11.30 Commentaires et Previsions Meteorologiques

GRAMPIAN

10.05 am First Thing. 10.10 Larry the Lamb in Toytown. 10.20 Target the Impossible. 10.40 Chips. 11.55 Halas and Batchelor Cartoon. 12.30 pm Gardening Today. 1.20 North News. 3.45 Looks Familiar. 6.00 North Tonight. 7.00 The Entertainers. 11.30 North Headlines. 11.35 Paris by Night.

GRANADA

9.30 am Mumbly. 9.40 Circus. 10.05 *Wilderness Alive. 10.55 Cartoon* 11.00 Sesame Street. 1.20 pm Granada Reports. 3.45 Looks Familiar. 5.15 Mork and Mindy. 6.00 Granada Reports. 6.25 This Is Your Right. 7.00 Emmerdale Farm. 8.00 Hawaii Five-O. 11.30 After All That, This. 11.40 The New Avengers.

HTV

10.00 am Harriet. †10.25 "Light Up the Sky,55 starring Ian Carmichael and Tommy Steel. 12.30 pm George Hamilton IV. 1.20 HTV News. 3.45 Looks Familiar. 5.15 Detouring America. 5.20 Crossroads. 6.00 Report West. 6.30 Definition. 7.00 Emmerdale Farm. 10.28 HTV News. 11.30 Father Dear Father.

HTV Cymru/Wales—As HTV West except: 12.00 Poli a Pili. 12.05-12.10 pm Calimero. 4.15-4.45 Gwesty Gwrion. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Heddiw-A-Ddilyn-Ddoe. 11.15-12.15 am Your Own Worst Enemy.

SCOTTISH

10.00 Hands. †10.25 Tuesday Matinee: "Seven Sinners." 11.35 Survival. 12.30 pm Gardening Today. 1.20 News Headlines and Road and Weather Report. 3.45 Looks Familiar. 5.15 Pet Subject. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Take the High Road. 8.00 Vegas. 11.30 Late Call. 11.35 George Hamilton IV.

SOUTHERN

9.30 am Kum Kum. 9.55 Lost Islands. 10.20 How the West was Won. 11.55 *Cartoon Time. 1.20 pm Southern News.* 3.45 Looks Familiar. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm. 8.00 Vegas. 11.30 Tensoged and Brown Shoe.

TYNE TEES

9.20 am The Good Word. 9.25 *North East News. 9.30 Cartoon Time.* †10.00 Morning Movie: "They Were Sisters," starring Phyllis Calvert and James Mason. 11.50 Sally and Jake. 1.20 pm North East News and Lookaround. 3.45 Looks Familiar. 5.15 The Electric Theatre Show. 6.00 North East News. 6.02 Crossroads. 6.25 *Northern Life. 7.00 Emmerdale Farm.* 8.00 Chips. 10.30 North East News. 11.30 The Odd Couple. 12.00 A New Look at the Second Commendment.

ULSTER

10.35 am A Big Country. 11.00 World Leaders (Churchill). 1.20 pm *Lunchtime. 3.45 Looks Familiar. 4.13* Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 10.29 Ulster Weather. 11.30 Bedtime.

WESTWARD

9.25 am Cartoon Time. 19.35 Feature *Film: "Heavens Above," starring Peter* Sellers. 11.30 Out of Town. 12.27 pm Gus Honeybun's Birthdays. 12.30 Gardening Today. 1.20 Westward News Headlines. 3.45 Looks Familiar. 6.00 Westward Diary. 7.00 Benson. 10.31 Westward Late News. 11.30 Faith for Life. 11.35 West Country Weather and *Shipping Forecast*

YORKSHIRE

9.30 am Larry the Lamb. 9.40 Patterns. 10.05 Tandarra. 10.50 Popeye. 11.00 The Beachcombers. 11.30 Arctic Doctor. 11.55 The Undersea Adventures of Captain Nemo. 12.30 pm Looks Familiar. 1.20 Calendar News. 3.45 Calendar Tuesday. 5.15 A Touch of Fashion. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 11.30 Pavilion Folk.

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Steve Wright. 4.30 Peter Powell. 7.00 Talkabout with Adrian Love. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 David Hamilton (S). 2.00 pm Ed Stewart's Request Show (S). 4.00 Much More Music with Jean Challis *(S). 6.00 John Dunn (S).* 8.00 Life is Nothing Without Music (S). 9.00 Glamorous Nights (S). 10.00 The Arthur Askey Variety Show. 11.00 Brian Matthew with Round Midnight, including 12.00 News. 2.00-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composers: The Court of the Sun King (S). 9.45 Eduard Melkus Ensemble of Vienna (S). 11.30 BBC Singers (S). 12.05 pm Israel Edelson conducts a concert of works by Elgar, Schumann, part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 Israel Edelson concert, part 2, Borodin (S). 2.00 Castelnuovo-Tedesco (S). 2.35 Violin and Piano recital (S). 3.20 Singcircle (S). 4.25 Jazz Today (S). *4.55 News. 5.00* Mainly for Pleasure (S). 7.00 The Poetry of John Donne. 7.30 Berlin Philharmonic Orchestra concert, part 1: Beethoven (S). 8.10 What Books I Please. 8.30 Concert, part 2: Dvorak (S). 9.15 Harold Brown, in conversation with Michael Charlton; 10.00 Violin and Piano recital *(S). 11.00 News.* 11.05-11.15 Sibelius (S).

VHF Only—Open University: 5.55-6.55 am and 11.15 pm-12.55 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 *Morning* Story. 11.00 News. 11.05 Thirty-Minute Theatre (S). 11.35 Wild*life. 12.00 News. 12.02 pm You and* Yours. 12.20 Down Your Way visits Wetherby in West Yorkshire. 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 The House of Firth by Edith Wharton (S). 4.00 Science Through the Looking Glass. 4.15 Home Ground (profile of Barry Hines). 4.46 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 7.05 The Archers. 7.20 The Hitch-Hiker's Guide to the Galaxy. 7.50 The Changing Dale (S). 8.35 Love's Old Sweet Song. 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Cliché (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Tony Fish Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 Openings. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time from the House of Commons. 11.00-5.00 am Join Radio 2.

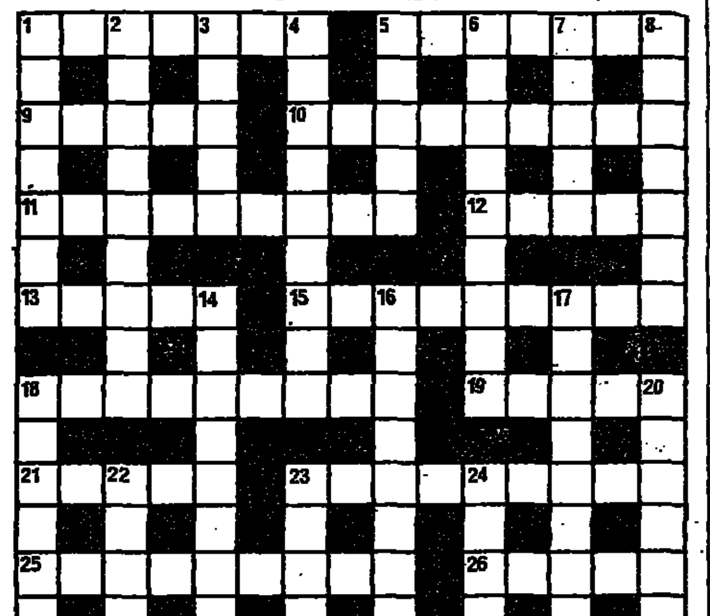
London Broadcasting

6.00 am AM—Bob Holness and Alan Clark. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life. 9.00 *Mike Dickin's Nightline.* 12.00 LBC Reports—Midnight. 1.00 am Night Extra. 4.00 LBC Special. 5.00 Morning Music.

Capital Radio

6.30 am John Sach's Breakfast Show. 10.00 Michael Aspel. 12.30 *pm Nicky Horne. 1.00 First Report.* 1.10 Nicky Horne (continued). 3.00 Roger Scott. 7.00 London Tonight. 9.00 Peter Young (rock music). 11.00 Tony Myatt's Late Show. 2.00 am Duncan Johnson's Night Flight.

F.T. CROSSWORD PUZZLE No. 4,539



ACROSS

1 A looser mixture for German measles (7)
5 Be upset about how large *one's head is?* (7)
9 Shoot a young person (5)
10 Gristle in vehicle I left to mature (9)
11 Something added to a very soft finish before time (9)
12 A vocal inflexion to make up for deficiencies (5)
13 Part of the stomach? Rubbish! (5)
15 Pellets making fruit very warm (9)
18 Member in front of tower could be a practical joker (3-6)
19 Dewy part of water or ice (5)
21 Fight just a little bit (5)
23 Trimmed around room in prison and packed up (9)
25 Magnet due to be changed and made larger (9)
26 Fashion a learner according to key (5)
27 One who puts up eastern vicar (7)
28 Unprotected as a film must be momentarily (7)

DOWN

1 Begin again to take a break over drawing (7)
2 Youth used to skin fish (9)
3 Instrument using compressed air to produce air (5)
4 Port and spirit under vaulted passage (9)
5 Swear it may be a remedy around the south (5)
6 Buccaneer and soldier joining the Queen (9)
7 *Optical counterpart from* amigo? (5)
8 First principle of the sky (7)
14 Remove French article from 8 and substitute repartee for outfit (9)
16 Publicise a card-game and rapid form of transport between two places (3-6)
17 Bad luck that trains have to run on (4, 5)
18 Final time for loading (7)
20 Fondled as an egg may be (7)
22 Go up in sorrow and wag (5)
23 Father with head on right (5)
24 Legally precluded absurd poets (5)

Solution to puzzle No. 4,538

CHARMLESS CROSS
O N A N U O T U
RACER GASOMETER
A E B R P B E C
LOSSLEADER ARCH
T E V C B A
PORTAGE TRAILER
I A R T I G
PELICAN FATIGUE
E H E I L H
DUFF OPENLETTER
R E A O A D W I
ENLIGHTEN OBANG
A O E I C R V H
MONAD CLEVEREST

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S. 836 3161. CC 240 5258. ENGLISH NATIONAL OPERA. Tonight. Thurs & Fri 7.30: BARTOK TRIPLE BILL in collaboration with London Festival Ballet. Sat 7.00: JULIUS CAESAR. 104 balcony seats avail on day.

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THEATRES

ADELPHI. S. CC. 01-836 7611. Evs. 7.30. Sat. 4.00, 7.45. Mats. Thurs. at 3.00. Good Friday Perf. at 7.30. (No Perf. on Easter Monday). TONY BRITTON JILL MARTIN, PETER BAYLISS and ANNA NEAGLE in MY FAIR LADY. Now booking through to October. For group bookings telephone 01-836 7358 or 01-379 6061.

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ALDWYCH. S. 836 6404. CC 379 6233. (10-6. Sats. 10-4). Info. 836 5332. ROYAL SHAKESPEARE COMPANY Seats avail. Fri. Sat 7.30. Low price previews THE KNIGHT OF THE BURNING PESTLE. A new production of Beaumont's comic masterpiece. In rep with Nicholas Nickleby from 23 April. Prestel booking 22023. Group Sales 379 6061. *RSC also at The Warehouse*-Piccadilly.

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[illegible]

GREENWICH THEATRE. S. CC. 858 7755. Evgs 8.0. Mats. Sat. 2.30. CONSTANCE CUMMINGS in *THE GOLDEN AGE.* A new play by A. R. Gurney.

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THEATRES

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[illegible]

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THEATRES

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CINEMAS

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2: THE COALMINER'S DAUGHTER (A). Progs. 12.45, 3.15, 5.45, 8.20.
3: PRIVATE BENJAMIN (AA). Progs. 1.20, 3.35, 5.50, 8.10.
4: THE LONG GOOD FRIDAY (X). Progs. 1.30, 3.50, 6.10, 8.30.
5: AIRPLANE (A). Progs. 1.00, 3.00, 5.00, 7.00, 9.00.

CLASSIC, Leicester Square. 01-930 691[illegible] BAD TIMING (X). 12.40 (not Sun.) 4.35, 8.25. THE BRUTE (X). Sun. & W[illegible] 2.45, 6.40.

CURZON, Curzon Street, W1. 499 373[illegible] BURT LANCASTER, SUSAN SARANDON in LOUIS MALLE'S ATLANTIC CITY (A). Film 2.00 (ex. Sun.), 4.05, 6.2[illegible] 8.40.

ODEON HAYMARKET (930 2738-277[illegible]) [illegible]

CLUBS

[illegible]

ART GALLERIES

[illegible]

COVENT GARDEN GALLERY. 20. Russell St. WC2. 836 1139. Paris in 1828. Watercolours. April 2-25. Daily 10-5.30. Thurs until 7 o'clock. Sats. 10-12.30.

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LEFEVRE GALLERY. 30. Bruton St., W1. 01-493 1572-3. 20th Century Work on View. Mon.-Fri. 10-5.

MARLBOROUGH. 6. Albemarle St., W1. Drawings and Watercolours by 13 British Artists. Mon.-Fri. 10-5.30. Sat 10-12.30.

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FITZROY GALLERY. 4 Windmill St. W1. *01-580 7132.* Senaka Senanayake Paintings from Sri Lanka. 3 April-2 May. Tues.-Fri. 11-6. Sat. 11-3.

RICHARD GREEN GALLERY. 4 New Bond St. London W1. Exhibition of 19th and early 20th-century French Paintings. Daily 10-6. Sat 10-12.30.

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هكذا من الأصل

THE ARTS

Royal Academy

Favourites—old and new

by DAVID PIPER

Some Chantrey Favourites has overtones of liquorice allsorts, or a gift-packed selection of soft-centre chocolates. And so it is—although why "soft-centre" should be more pejorative than "hard-centre" I do not understand. The exhibition at the Royal Academy (till May 24) shows a modest 45 of the 700 paintings and sculptures that have been bought by the Chantrey Trustees since Sir Francis Chantrey's bequest became operative in 1876, after the death of the sculptor's widow.

The showing is a further salute to Chantrey himself in the bicentennial year of his birth. The administration of the bequest has been a subject of contention on and off since the Tate became responsible for housing the works acquired by the Chantrey Trustees, among whom the Royal Academy is strongly represented, while the actual selection of purchases is made by the President and Council of the Academy.

Statements introducing the *handlist printed for this show*, by the President of the Royal Academy (Preface) and the Director of the Tate (Foreword) confirm the present amiable *concordance between the two* institutions. Long may it last. The sadness is, that it was so long in coming, and too late to have a very significant impact on the Tate collection—the national collection—of British art. The Chantrey income doesn't go that far nowadays, whereas the Tate's purchase grant, that was nil until 1946, is now substantial.

Thus the Tate was not able to benefit through Chantrey from the opportunity to acquire works of what may be loosely called Modern Art soon after they were made and still very cheap. Dérain (fauve), Mondrian, Kokoschka, Gabo — all produced works which, being made in Britain, would have qualified under one of the terms of the Bequest and surely also under another, as being "of the highest merit that can be obtained". But the Tate Trustees might well, pre-1945, have found themselves at one with the Chantrey Trustees in viewing *such* works as unsuitable.

And on the other hand of course, now the Modern Movement is digested into history *and proves in analysis* to be but one of several strands and not the be-all-and-end-all it threatened once to be, a proportion of what the Chantrey Trustees did buy, and much of which we all subsequently found ridiculous, re-emerges in some radiance.

The selection at the Academy has been chosen by Dr. David Brown (of the Tate Gallery staff) who was responsible for the *Old Favourites* show at the *Tate three years ago. Some of* the stars of that exhibition reappear. One or two others also appeared in "Great Victorian Pictures" the same year — *notably Anna Lea Merritt's Love Locked Out* of 1889, bought in 1890 for £250—then a low price even, of the equivalent of at least ten times as much now, and the price perhaps a factor in helping towards the purchase of this, the first painting by a woman to be bought by the Trustees. (The handlist for "*Some Chantrey Favourites*" prints the purchase prices, or most of them — some were monstrous underpayments: a Gwynne Jones still-life in 1954 *for £35, a Mary Potter in 1963* for £175.)

Love Locked Out is matched by other favourites that have held popularity through the *shifting tides of fashion* — Sargent's *Carnation, Lily, Lily Rose*; Alma - Tadema's *A Favourite Custom* (a virtuoso variation on his theme of nudes *and marble* baths); Orchardson's *Napoleon on Board H.M.S. Bellerophon*; Bramley's *Hopeless Dawn*. Whether a point or two is not stretched in categorising *some* of the others as "favourites" is arguable. Herbert J. Draper's *Lament for Icarus* (1898-1940) — a bevy of nymphs clustered about the *fallen* body of incredibly perfect male youth — I had not remembered: on the other hand, will not now forget. Lucy Kemp-Welch's *Forward the Guns*—a *colossal* charge of horses, men and gun-carriages, in the spirit *of* Lady Butler's earlier celebrations of battle—I did remember, but as an almost heinously *insensitive* salute to the suffering of Paschaendale and the trench warfare horror of 1917. Yet on close inspection, how well it is painted!

And how superbly *efficient* is Alma-Tadema; how romantic, how splendidly optimistic is Sargent! The variety of the later works is such that there is *some* incoherence — William Roberts and Sheila Fell, William Scott and Algernon Newton. At the Tate there is a sort of Appendix—works bought by the Chantrey Trustees over the last couple of years hung together in one room: a link is supplied by the work of Peter Greenham — his *Father D'Arcy* at the Academy, his *Life-Class* at the Tate, both excellent examples of his subtle delicacy in approaching appearance via a *luminous haze of colour*.

In the case of *Life-Class*, observers observed — observers and observed alike on the brink of definition; *Father D'Arcy*, at *first glance unrecognisable* either as the man I remember in the flesh or as the subject of Augustus John's remarkable painting, on further scrutiny *appears strangely recognisable* but as if dissolving from appearance—he died soon after this was painted.

The Chantrey selection at the *Tate has only one abstract*, and an old one (a Tunnard of 1942) and continues resolutely figurative in the mainstream Chantrey tradition: as examples of the various artists' work, of best quality. A David Tyndall, in that genre of still-life that has become so popular in the last decade, a table top with an austere minimum of objects on it, but here the cloth spun from gossamer silk: a typical Carel Weight, of delinquents in flight in his usual raw weather, at Clapham Junction. The young not represented, though it is good to see here that formidably uncomfortable painter John Lessore.

From the National Portrait Gallery, the admirable selection of Chantrey's own sculpture has gone north, to his native city Sheffield (Mappin Art Gallery, till May 17). Instead we have *the first extensive retrospective* of the work of William Strang, R.A., Painter Etcher, since the year of his death, 1921. This show has come from Sheffield (*via Glasgow*). *In the last few* years Sheffield has indeed been responsible for some of the most enterprising and illuminating small exhibitions. This one is *consciously designed as* a contribution towards the current re-appraisal of British work between 1880-1920 that got swamped by the revolutionary *tide of Modern Art from abroad* that swamped too so much of the Chantrey purchases.

At the Portrait Gallery, the show has been enlarged by sections illustrating some of the leading artistic figures in England in Strang's time — Kipling, Hardy (with whom Strang felt an especial affinity), Binyon, Legros, Ricketts and Shannon, and, less expectedly, Beardsley.

'Lady with a Red Hat' (Vita Sackville-West by William Strang (at the National Portrait Gallery)

Strang, Clydeside - born, trained at the Slade, lived early on by etching, and a strong linear definition remained his greatest strength when he moved into oil-painting, though he could produce also most vivid resonances of clear colour. Strang's difficulty was, and remains, his open, and grateful acknowledgment in his work of that of other painters. He took inspiration from a remarkable variety of sources — from Legros, Puvis de Chavannes, Holbein, but also from Titian, Watts and Ricketts and Shannon; from Mantegna but also from Augustus John; finally, even from Gauguin.

It is easy for any gallery-goer to spot the relationships, but too easy to rest on the assumption that there is no more to it than that. Technically, the work is admirable, whether etching, drawing, or painting, superbly crafted. His line portraits, that follow Holbein's practice, as in the famous series at Windsor, so closely (even to Holbein's occasional uncertainty as to the placing of the near eye), are no mere pastiches but in their concentration and at their best, their magisterial economy, result in the best work of its kind produced in Britain for a very long time. With genre or subject pictures in oils he is less successful, the technique helping to create an effect of polychrome wax tableaux, even in the well-known *Bank Holiday* from the Tate.

In his mythologies, the imagination fails to find apposite form, and as so often in renderings of golden ages by northern artists, the nudes (in his *Paradise*) threaten goose-pimples, and the mountains and sky presage uncertain, and cool, weather. But some of the single figures and portraits are superb and ultimately owe nothing of their essential, and eerie, quality to anyone other than Strang. The girl in the astonishing hat like a Tiffany lampshade (but apparently an actual creation from Roger Fry's Omega Workshops), emerges, given consideration, as most disturbingly mad, but hypnotically real.

There are portraits of a grave, yet alarming, *monumentality* like the Lucien Pissarro, or the sculptor Frampton, seated four square, stove-pipe hat thrusting against the top of the canvas, *chill grey eyes boring through* Beatle spectacles. The thin woman, one arm akimbo, considering the world from a matchless high arrogance of *lust and disdain, from under* a wide-brimmed red hat, is Vita Sackville-West. With the exhibition comes a valuable catalogue by Philip Athill and Anne *Goodchild*.

Polish cinema

Gdansk comes to Warsaw

by RONALD HOLLOWAY

When Andrezej Wajda returned to Warsaw from location shooting on his forthcoming *Man of Iron*, the city's corps of international journalists turned out to meet him. Most of the film was being made in Gdansk, *but studio work was necessary* to recapture the summer atmosphere before the gate of the Lenin Shipyard last August. The Documentary Studio in Warsaw is too tiny for extensive camera flourishes, but it proves more than adequate for in-tight, close-up action with the entire set and a hundred extras used merely as background material. Besides, the director simply can't wait for late summer to roll around again on the Baltic seacoast.

For *Man of Iron* has to be finished in time for the Cannes Film Festival in mid-May. Gilles Jacob, the festival director, has reserved a spot for the film, sight - unseen. Back in 1978, another Wajda film, *Man of Marble*, was the "film surprise" at Cannes and caused a minor sensation. Many film critics and historians rank *Man of Marble* with Andrei Tarkovsky's *Andrei Rubler*, a Soviet film, as the most important to emerge from East Europe since the last war.

Since the scripts for both *Man of Marble* and *Man of Iron* were written by novelist Aleksander Scibor-Rylski, and the films are actually chronologically interconnected, it is fair to say that the latter is the sequel to the former. *Man of Marble* covers the period from the early 1950s (the era of Stalinism) to 1976 (with a direct location reference to the Gdansk riots of 1970); *Man of Iron* reaches back to the Student Reform Days of 1968, takes in the 1970 riots (when the original Man of Marble dies before the gate to the Gdansk shipyard), and ends with the signing of the agreement between strikers and government officials at the end of August 1980. The final shot in the sequel is the opening of the gate to allow the striking workers to go back to their jobs.

The parallels between the two films do not stop there. The same actor, Jerzy Radziwilowicz, plays the double-role of father and son: he is, to be sure, the Man of Marble and the Man of Iron, although the titles refer to heroes of the working class in general. But heroes of destiny, rather than of the hour. In *Man of Iron, a reporter sent from Warsaw to* find and report on the activities of former dock-worker Birkut's son, he learns about the 1970 riots via resurrected TV-footage and about the 1980 strike through stories about the very strike-leader he is seeking. It doesn't match with the fabricated stories issued by the Government in the official news media.

Man of Iron is presently estimated to run at approximately five hours in length. When the shooting is finished at the end of April, or before, it will be a race against time to whittle the *whole down to a feature film of* slightly more than two hours. Wajda hopes to reach the same finished length as *Man of Marble*.

Thereafter, the rest of the footage will be re-edited for a TV-series. Three stories told by key women associated with Birkut's son will be treated as compact units, to which documentary scenes will probably be added. None of these scenes is currently related to the events occurring in Warsaw and throughout Poland at the present time. Yet Lech Walesa does appear twice in the film in re-enactments of actual events of the past. The Gdansk strike-leader signs the agreement in a *climactic moment of Man of Iron*.

Grand Opera House, Belfast

Così fan tutte/Macbeth

by ELIZABETH FORBES

Così fan tutte, which opened the Northern Ireland Opera Trust's 10-day season in the Grand Opera House, Belfast, last Friday, proved that Frank Matcham's superbly restored theatre is an ideal house for Mozart. The acoustic, clear but warm, the feeling of intimacy *between stage and audience* that middle-size Matcham theatres generate, together make a perfect background for Christopher Renshaw's fast-*moving but unfussy production*.

Robin Don's set, basically an arrangement of venetian blinds with a gold-ribbed pavilion for interior scenes, is not merely *ravishingly pretty*, but severely practical (and no doubt inexpensive) as well. Costumes are Empire-style, which enables the girls to look like teenagers, *thus lending credibility to the* intrigue. Gillian Sullivan sings Fiordiligi with sweet tone and strong attack, making light of the difficulties in her two arias. As Dorabella, Jane Findlay also exhibits plenty of spirit, while her voice blends smoothly with that of her "sister" in the duets. Beryl Korman's knowing Despina is especially good in her disguises as doctor and notary.

Peter Jeffes's stylish Ferrando, whose romantic nature *threatens to turn the comedy* into something more serious, is nicely balanced by Stewart Buchanan's more equable and resilient Guglielmo. Richard *Jackson, a polished Don Alfonso*, takes full advantage of the sympathetic acoustic and, aided by Christopher Fifield's deft harpsichord continuo, varies the *dynamics and phrasing of the* recitative, most skilfully. The opera is sung in Italian, and whether for that or another reason, the audience on the first *night was far too small*. The citizens of Belfast, who have filled the GOH to capacity in recent month for shows as dissimilar as *Tosca*, *The Mikado*, *Cinderella* (*a pantomime*) and *Ipi Tombi*, should be ashamed of themselves.

They did not make a very good showing for Verdi's *Macbeth* the following *night*, either, and again those opera-lovers who stayed away missed an enjoyable performance of a work notoriously difficult to stage successfully. Steven Pimlott's production, designed by Tim Reed and lit by Mark Henderson, makes a virtue of necessity by concentrating the drama on the struggles for power between Macbeth and his Lady, and between Macbeth and his conscience, as represented by the witches. A vast, surrealistic tent *that rises or sinks* as required, does duty for a castle, while the blasted heath in the background takes on lurid colour—blood red for Duncan's *murder, midnight blue for the* sleepwalking, verdant green for Birnam wood—from the action.

Bryden Thomson, who demonstrates a not inappropriate *reserve in his conducting of* Mozart, encourages the Ulster Orchestra to play with fiery involvement in Verdi. The NIOT chorus ladies make splen*did witches, but the male con*tingent, though lusty of voice, is not numerous enough to provide both Scottish and English armies convincingly. Peter Glossop *sings Macbeth, always one* of his best roles, with energy and passion. Margaret Kingsley makes a vivid Lady Macbeth who shapes her vocal line in the grand manner.

O'Neill, Broadway

Fools

After a string of 19 Broadway hits in as many years, a playwright is entitled to a new *challenge—if he is* brave enough to risk it. In locating his new play, *Fools*, in Czarist Russia, Neil Simon has certainly in one sense changed direction, but the result proves to be too little of a challenge, rather than too much, in its opening at the Eugene O'Neill Theatre.

The play is meant to be a fable of the town cursed with stupidity, which a pleasant young schoolteacher comes to dispel. For the complex and urbane foibles of the American middle-class, Mr. Simon has substituted mere proof of the stupidity of Kulyenchikov's citizenry. This is repeatedly demonstrated.

The butcher sweeps dirt into his shop, the fishmonger sells flowers she calls whitefish, the *doctor forgets the* letters on his eye chart, and the shepherd forgets both his name and where his sheep got to. Some of these are funny. Some are just stupid, especially when repeated. Even the word "repeat" is repeated in response to the teacher's misunderstood instructions. Mr. Simon's characters used to be recognisably intelligent folk who were funny in spite of themselves. After prayers, the superstitious men say "Amen" and the women, "Ah women." Eventually the obvious becomes tedious.

A scene from 'Fools'

Even worse, the fable begins with a centuries-old curse which is visited on the town from generation to generation. All abide by the rules and restrictions, including the 24-hour limitation on the teacher's efforts before he too falls victim to stupidity. But when the time comes *for his efforts to fail*, as they were destined to do, the rules *suddenly* change, making the fable's only lesson the treachery of a playwright taking the easy way out.

Director *Mike Nichols* keeps the antics moving at the frenetic pace ably set by Harold Gould as the forgetful doctor and Mary Louise Wilson as his *wife. John Rubinstein as the* teacher remains inoffensive despite his frustrations. John Lee Bailey's set is full of pastel colours and dainty designs that one might associate more with a Swiss fable than a Russian one, though Patricia Zipprodt's colourful costumes root the play to its setting, if that's where it belongs.

FRANK LIPSIUS

May Fair

Noël and Gertie

by ANTHONY CURTIS

Sheridan Morley devised this entertainment given on Sunday evening, unfolding the passionate working partnership and loving friendship between Gertrude Lawrence and Noël Coward, for the Combined Theatrical Charities. A cast of *four in* evening dress sit on stage, flanked on their right by William Blezard, and on their left by Mr. Morley. He explains that although Noël and Gertie first met when *they* were both child performers and remained friends until her untimely death in 1952 they only ever appeared together on the stage as adults in *Private Lives* and *Tonight at 8.30*, the string of one-acters written for them by Coward.

Snippets from some of these—the original of *Brief Encounter*, the skit on the Mountbatten, *Hands Across The Sea*, the inevitable dressing-room scene from *Red Peppers*—went down so well that one would not be surprised if a full-scale revival under the baton of Alan Strachan, who directed this show, *might not come about*.

Certainly Maria Aitken, beaming like a lighthouse, partnered by Ian Ogilvy, played all the Gertie extracts with unusual comedic skill, making one want more. Their short scenes were led into by some rather stiff doses of biography from Mr. Morley, tracing the weather-vane fortunes of the celebrities' relationship. However this medicine was palatably sweetened by performances of songs which Noël wrote for Gertie such as "*Parisian Pierrot*" and "We Were Dancing" by Liz Robertson and Mark Wynter. Even here comedy ultimately conquered sentiment when they broke into the hornpipe rhythms of the sailors' song, "Has Anybody Seen Our Ship?" from *Red Peppers* which proved to be the hit-number of the night's homage to the master.

Arts news in brief

A painting by Luca Giordano "The visit of the Virgin Mary to her cousin Elizabeth" is to return to the Chapel of the Charterhouse where it has hung as the altar piece for many years. The care of the painting will in future be the responsi*bility* of the Guildhall Art Gallery.

It was accepted by the Government in lieu of estate duty in 1978 and although this was before the formation *of the* National Heritage Fund it represents the first example of a work of art being accepted in lieu of tax and allowed to remain in situ.

*

House Guest, the first new Francis Durbridge thriller for many years, will open at the Savoy Theatre on April 29. It stars Susan Hampshire and Gerald Harper.

*

General Accident has increased its support for the Scottish National Orchestra considerably this year and widened the scope of its aid. *In all the orchestra will receive* £150,000 from the insurance company.

Much of it will go on sponsoring "the largest UK orchestral tour ever supported by a business organisation" visiting 20 major British cities. The main work presented on the tour is Mahler's 4th symphony.

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The Lebanese tinderbox

FIGHTING IN the Lebanon involving rival militias, the Palestinian guerrillas, and the predominantly Syrian-manned Arab Deterrent Force has been sporadic but endemic for more than three years. Conflict has been continuous and confusing. Thus, it is all too easy to dismiss lightly as a passing flare-up the heavy exchanges between the Phalangists, the Right-wing Christian group, and Syrian units of the kind witnessed over the past week around Zahle in the east of the country and across the "green line" which divides the capital, Beirut.

UNIFIL's role

Nevertheless, these fierce clashes and the related friction in the south between the Israeli-backed Christian militia on the border and Palestinian guerrillas threaten the stability of the region. The fighting must be regarded as the most serious since the spring of 1978 when Israeli troops occupied a thin slice of Lebanese territory, only withdrawing under international pressures, particularly from the U.S., and on assurances that the United Nations force known as UNIFIL would act as a buffer.

UNIFIL remains there, accused by the Jerusalem Government of woefully failing to prevent Palestinian infiltration. The danger then was that the Israelis might provoke Syria into a conflict. Now it arises from the possibility that the Israelis might take action to aid their Christian allies concentrated in what amounts to an autonomous enclave in the centre of the country and now dominated by the Phalangists. At this point Mr. Menahem Begin's Government may also be trying to heighten the tension for electoral reasons.

'Red line'

Mr. Yitzhak Shamir, Israeli Foreign Minister, has said that his Government will not stand "idly by and watch the massacre of Lebanese citizens." From an early stage in Damascus's direct involvement in the civil war Israel has let it be known that it would not tolerate the Syrians overstepping a "red line," a concept that has never been explicitly defined. The implication now, however, is that the Syrians have almost gone too far.

For its part, Israel has done nothing to promote the stability of the Lebanon nor help its recreation as a coherent political entity. Rather it has done the opposite through its support for Major Saad Haddad and his Christian militiamen in the south and latterly through its vigorous opposition to the reconstituted Lebanese Army taking up positions there, a move supported by UNIFIL's commander. Clearly, Israel would prefer a fragmented Lebanon that cannot provide a northern flank for an Arab military front.

Syria, on the contrary, not only wants to preserve the unity of the country—a task for which it received pan-Arab blessing—but also wishes to control it so that it can confront Israel better. It is no accident that the latest grave eruption of fighting resulted from Phalangist efforts to secure possession of Zahle, a strategically situated Christian town.

Haig's tour

Totally isolated, through his own fault, from the Middle East peace negotiating process initiated by the latest U.S. Administration, President Hafez al Assad of Syria may also be trying to distract the attention of Mr. Alexander Haig, the Secretary of State, during his current tour of the region, by putting pressure on the Phalangists. But, not withstanding his close relations with Moscow, it may be going too far to speculate that he is doing so at the request of the Soviet Union to create a diversion from any action anticipated by it in Poland.

After so much bloodshed, the problem of Lebanon looks intractable. The only hope of a long-term solution, whatever sort of compromise it may be, lies in a settlement of the wider conflict of the Middle East. In the meantime the contending factions—the Syrians and the Palestinians, on the one hand, and the Right-wing Christian Maronites and the Israelis, on the other hand—should be supporting, rather than undermining, President Elias Sarkis's Government. It remains the only legitimate, albeit very fragile, authority in the land.

Sterling out of the limelight

THE KIND of pessimist who regards a glass as half empty is also likely to be a man who worries about competitiveness when the pound is strong and about inflation when it is weak. When sterling is just past a peak, he is no doubt doubly gloomy, seeing industrial erosion when he looks backwards and inflation when he looks forwards. Such comments were no doubt to be heard yesterday, when a further easing in sterling was accompanied by news of a blip in wholesale price inflation; if the deepest recession in the statistical record cannot stop inflation, what can?

A more rational analysis will look at causes rather than just at numbers, and reach less worrying though perhaps less exciting conclusions; and the most immediate domestic cause of yesterday's price and currency numbers is the budget of March 10. The Chancellor, in his determination to reduce the borrowing requirement, imposed sharply higher indirect taxes, and these are one explanation of the higher wholesale price increases—the April figures are likely to look rather worse. His aim was to reduce interest rates and so reduce credit costs and ease the upward pressure on the exchange rate.

Dollar strength

In this context, the performance of sterling can be read as highly encouraging. It seems possible, at least, that this strategy, which is highly contentious, is going to work. The "crowding out" hypothesis, though much despised among academics, has come through its first test.

It may be argued that three weeks of currency dealings in the middle of a world crisis can hardly supply any evidence one way or the other about the relation between domestic credit pressures and the exchange rate. It is certainly true that the big event in the exchange markets since the Budget has been the rise in the dollar rather than the fall in sterling, which has eased only modestly against the average of all other currencies.

However, the strength of the dollar itself is partly due to forces similar to those which drove sterling up so far—the paradoxical result of excessive government borrowing. It is the huges weight of U.S. Treasury financing in New York which has reversed the previous downward trend in U.S. interest rates. Warnings of another possible peak from Mr. Donald Regan, Treasury Secretary, and from the Fed, have reinforced market pressures.

Gold market

The grim international situation has of course, increased the attraction of the dollar; but the relatively modest reaction in the gold market strongly suggests that high dollar interest rates have been more important than any generalised rush for cover, even in the last turbulent week. The attempted assassination of the President, which has displayed his courage and resilience to such advantage, may prove a stabilising influence, for it is generally thought to have improved his chances of achieving the difficult and painful budget cuts he has proposed. We can hope, at least, that the future market in the dollar will be a great deal less turbulent than the sterling market, has proved during our worst period of domestic stress.

This is important not only because major swings in the dollar have a gravely disruptive effect on international trade and finance generally, but because as long as oil is priced in dollars, a rise in the dollar directly inflates energy costs in all non-dollar countries. This was also a significant influence on the March wholesale price index in the UK.

Implications

Longer-term influences on UK inflation still look quite encouraging. Wage increases on average have probably been quite similar to those in competing countries. During the current round, and may well have been below average in manufacturing. The reduction in interest rates over recent months is itself a major relief for corporate cash flow, and reduces the upward pressure on prices.

The credit markets are now looking for a further fall in sterling interest rates—and probably, therefore, for a further easing in the exchange rate. These two movements have opposite implications for the future inflation rate. If the balance proves neutral, so that inflation can remain restrained without excessive pressure from an over-valued pound, it will be possible to think realistically about recovery.

VIEWDATA'S GROWING PAINS

Prestel programmes a change

By Guy de Jonquieres

The Post Office has spent more than £20m in developing the Prestel viewdata system but it has failed to take off as a home information service, although the British Government hopes to sell Prestel technology in the U.S. In recent months there has been a shift of marketing emphasis to specialised business use—plus further promised developments with the new "Gateway" networking system.

MANY of Britain's hopes for achieving a world lead in the much-heralded "revolution" in information technology are symbolised by a black diamond-shaped emblem covered with orderly rows of coloured letters. At a casual glance, the effect is vaguely reminiscent of an optician's eye chart.

The emblem belongs to Prestel, the Post Office's public viewdata service. Launched two years ago, it is still the only service of its kind in full commercial operation anywhere in the world.

Viewdata is an ingenious method of providing easy and relatively inexpensive access to computerised information. It uses a modified television set linked by ordinary telephone line to a central data base. A subscriber can both receive and transmit instructions by punching commands into a keypad or keyboard.

The system was invented almost 10 years ago at the Post Office's research laboratories. It has been described by Sir George Jefferson, chairman of British Telecom, as perhaps the most important breakthrough achieved in telecommunications in the past decade, comparable in importance to the telephone and television.

The Post Office has spent more than £20m and countless man-hours developing and promoting Prestel as a popular information vehicle—a sort of Mini Metro of the micro-electronic age. Last year alone, it spent more than £1m on a nationwide campaign in the Press and on television to try to persuade the British public to share its enthusiasm.

Prestel has notched up some commercial successes overseas. The technology has been sold to more than half-a-dozen countries in tough competition with rival systems developed by France and Canada. An international Prestel service is due to be launched later this year, covering the U.S., parts of Europe and Australia.

The British Government hopes to sell the technology to broadcasting companies and telecommunications groups in the U.S. where, it believes, the explosion of home entertainment services transmitted via telephone, cable television and satellite may provide a fertile market for viewdata.

The Industry Department recently joined forces with British Telecom and Logica, a leading London-based computer services house, to set up a £1.5m company which will promote viewdata and its close cousin teletex on the American market. The move is a belated attempt to match the expensive U.S. marketing campaigns which France and Canada have organised on behalf of their rival systems.

None of the contestants has yet made a major sale in the U.S. But both Britain's and France's commercial prospects there may improve if the two countries succeed in their recent attempts to negotiate a common technical standard for their two viewdata systems.

But at home, results so far have been disappointing. The British television-viewing public has found it all too easy to resist the Post Office's entreaties to abandon Starsky and Hutch in favour of the assortment of market reports, travel timetables, leisure guides and electronic games available — at a price — on Prestel.

Last spring, the Post Office and the television manufacturers were forecasting that 50,000 sets would be linked to the service by the end of the year.

This has proved a gross overestimate. A mere 10,000 have been installed to date, almost all in offices. More than 2,000 belong to subscribers who, in one way or another, have a direct interest in the Prestel business.

Initially, the slow take-off was blamed on a shortage of suitable television receivers. The micro-electronics component industry had some difficulty developing and producing the special silicon chips which, when fitted to a set, enable it to unscramble Prestel signals and display them as "pages" of text or graphics on the screen.

Chip supplies have eased considerably and a wide range of Prestel receivers is now readily available. At the last count, 44 manufacturers were offering more than 70 different types of sets and plug-in adaptors to convert ordinary televisions to the service.

But Prestel sets remain expensive, costing as much as £400 more than a conventional television. The manufacturers tend to regard them as premium products and say that they need to allow for generous margins while volume remains low. Their critics retort that volume is unlikely to grow really fast unless prices fall significantly.

In addition to the cost of buying or renting a set, subscribers must pay every time they dial up the computer. Accessing a page of information can cost as much as 50p a time, plus a charge for the service and the cost of a local telephone call. It has been estimated that the average residential subscriber could easily run up a bill of £200 a year or more.

The management and marketing of Prestel is shared by a delicately-balanced three-way alliance.

- The Post Office provides the central computers and, of course, the telecommunications circuits. There is now a network of identical computers dotted around Britain, bringing about two-thirds of the population within local call distance of Prestel.
- The television manufacturers are responsible for designing, making and distributing Prestel sets.
- The third group, a heterogeneous collection of publishing houses, travel organisations, and business information companies, supplies and updates the material on the data-base. These so-called Information Providers (IPs) include Thomson Holidays, Trust Houses Forte, the Stock Exchange, and Fintel, a joint venture between the Financial Times and Extel.

A weakness of this division of labour is that no one has overall responsibility for directing and co-ordinating strategy. Indeed, all the interested parties have only once been called together at the same meeting, held earlier this year. It produced lots of fine-sounding declarations but few concrete new commitments.

There have been suggestions that Britain should adopt a more interventionist approach, like France, where the Government proposes to replace printed telephone directories with viewdata terminals supplied free to every telephone subscriber. But the Post Office likes to point out that the project has yet to be put into action, and that France has still not launched its planned public viewdata service.

Nevertheless, the Post Office has tacitly acknowledged that its original strategy has not worked out and has recently started to reshape it. The changes owe a good deal to the influence of Mr. Richard Hooper, who was appointed Director of Prestel a year ago after running Mills and Allen, one of the main IPs.

Mr. Hooper has taken a harder-headed attitude to promoting Prestel than the previous director, Dr. Alex Reid. He has downgraded the largely unsuccessful campaign to build up a mass residential market and is now concentrating primarily on marketing Prestel as a specialised information service to business.

Mr. Richard Hooper, director of Prestel: downgraded the mass residential market and is concentrating on marketing Prestel as a specialised information service to business. The shift has produced some modestly encouraging results.

This shift of emphasis has produced some modestly encouraging results. The travel business, singled out as a key target for the marketing effort now accounts for more than a quarter of total subscribers. But the new approach has also shown up some shortcomings in the current organisation of Prestel.

For example, subscribers can use Prestel to look up airline and rail timetables or check on the availability of package tours, But they cannot make confirmed reservations. This is because the service does not allow users to communicate directly with IPs. They can only send messages to a computerised "mail box," which the IP's must check periodically for incoming messages.

Another drawback is that the present design of the Prestel network and the limited power of its computers do not permit messages to be sent electronically from one terminal to another. Prestel engineers are working on an electronic mail system, but it is unlikely to be available before 1983.

In the longer term, however, Prestel faces an even more serious problem — that whatever success it achieves in pioneering new business markets will risk attracting strong competition from operators of private commercial viewdata systems. These could poach Prestel's customers by cutting rates or offering better features.

The danger has been spelled out clearly in a recent report, "The Future of Prestel," by Dr. Emma Bird, of business equipment consultants Urwick Nexos. She points out that many of the private viewdata systems now starting to reach the market at prices from £17,000 to £100,000 plus are more flexible and verstatile than Prestel.

Private viewdata systems are already available from about a dozen suppliers, including Rediffusion, the General Electric Company, Honeywell and Aregon, a National Enterprise Board subsidiary. The biggest in operation so far is TOPIC the Stock Exchange's share price service, which will eventually be connected to almost 1,000 terminals.

The Post Office has responded by radically altering Prestel's development strategy. A few weeks ago it announced plans to expand vastly the range of information and services available on Prestel by adapting it to link up directly with data bases at present outside the system.

The new service, called "Gateway," will go into effect in March next year. The idea has been borrowed from West Germany's pilot public viewdata service, Bildschirmtext, which is based on Prestel technology. Ironically, the computer programmes for Bildschirmtext were written by a British company, Systems Designers, and the Post Office is buying the right to use them from German authorities.

Though still only in its trial phase, Bildschirmtext is linked to 30 data-bases operated by banks, insurance companies, mail order houses, publishers, travel agents and computer services companies. Support for the service from German financial institutions has been strong, in contrast to the polite disinterest which their British equivalents have displayed towards Prestel.

The exciting potential of the German system is exemplified by the facilities offered by the Verbraucherbank (Consumers' Bank). It enables its customers to use their terminals to carry out a wide range of tasks electronically including checking their accounts, calculating interest payments and transferring funds.

The system lends itself easily to applications like writing insurance policies, booking travel tickets and electronic shopping, which enables customers to place firm orders instantaneously with retailing and distribution warehouses. Unlike Prestel, the amount of information available is not limited by the power of the central computer.

Until now, Prestel has looked like a solution in search of a problem. By turning it into a much more versatile medium, able to provide services which people really want at a reasonable charge, "Gateway" promises to unlock many of the opportunities offered by information technology.

Much depends, of course, on how quick British businesses are to exploit it. Linking a data base to the system will not be cheap—a minimum charge of £50,000 is envisaged. But Mr Hooper says that he has already received expressions of firm interest from nearly 50 companies.

If these are converted into firm commitments, they could at last provide the catalyst for creating the mass-market which remains Mr. Hooper's long-term aim and enable Prestel to turn its position as first in the field into an asset instead of a liability.

MEN AND MATTERS

South Sea settlement

What Tory MP Sir Bernard Braine calls "a terrible story of exploitation, greed, deceit and trickery" will be brought to a close in the next few days with at least some semblance of justice. Leaders of the Banabans, the Pacific islanders whose homeland was turned into a phosphate mine by the British, Australian and New Zealand governments, arrive in London on Thursday to collect some belated compensation.

Though a trust fund of £19m plus four years' accrued interest is not exactly generous when set against the 80-year operating profits of the British Phosphate Commission from which the money will come, the result is an undoubted triumph for the campaign fought by an all-party group of Commons backbenchers.

"Mrs. Thatcher didn't spend fifty million pounds just to obtain your 'no comment'!"

Led by Braine, Labour's Frank Hooley and John Lee, Liberal Russell Johnston and former Scottish Nationalist MP George Thompson, the group took up the Banaban cause in 1974.

It encountered strong opposition from the Foreign Office from the outset. James Callaghan, then Foreign Secretary, shelved the group's first report. But the campaign gathered strength after criticisms of the British Government's attitude in one High Court judgment; and the award of derisory damages against the Phosphate Commission in another.

By 1977, the Government had been pressed into providing a pension fund of about £14m for the Banabans and then into raising it to £19m. But the fight resumed over Banaban demands for control of the money, the readjustment of phosphate royalties and association with Fiji rather than inclusion in the new Kiribati (Gilbert Islands) Republic being established by Britain.

The Foreign Office tried to force the Banabans into a settlement by threatening to cut off interest payments on the trust fund. But though the Government refused to yield on Banaba's inclusion in Kiribati, it conceded extra constitutional safeguards. And, bombarded by MPs and peers with 236 parliamentary questions, some 60 speeches, and over 200 letters, the Foreign Office and its Ministers agreed to the other demands.

Braine feels the outcome provides reasonable justice for the Banabans. "But it is not quite the end of the story yet," he tells me. The group intends to see that the British Government underwrites an epilogue with ample development aid.

General rule

General Alexander Haig, the American Secretary of State who appears to be having some difficulty determining his place in the Washington pecking order, revealed the complexity of the problem during an after-dinner speech in Jersualem the other night.

Having been described by some commentators as the "Vicar of American foreign policy," Haig said that he went to former Secretaries of State Cyrus Vance and Henry Kissinger to ask what this meant.

"My good friend Cy Vance said it meant being alone in the Oval office with the President three times a week," Haig recounted, "but Henry said this was not good enough." For Kissinger the real indicator of being in charge is when the hotline rings and the President tells Mr. Brezhnev: "I am sorry, I am busy now. Could you call back later?"

But Haig added that he could go one better than that. "When I am in the Oval office with the President and the hotline rings, the President answers, frowns, looks at me, and says 'It is for you' — unless it is a crisis, and then the Vice-President gets it."

Money talks

The largest Latin American banking jamboree ever held outside the region, reports my man with the sombrero and syndicated credit, opened this week in sunny Spain. Almost 3,000 bankers, Government officials and allied financial camp-followers are clearly enjoying the warm spring weather kindly laid on by the Inter-American Development Bank, whose annual conference brings them to Madrid.

With the IDB under attack from the Reagan Administration for being too soft-hearted in its lending criteria, it must manage judiciously the image which the conference presents. Put on too lavish a display, and those notoriously austere Washingtonians will call it "spendthrift." But make too obvious a show of scrimping and saving, and the international banking community may harbour doubts about your place in the comfortably-heeled triple-A risk ratings.

No such dilemmas troubled Canada's Bank of Nova Scotia, which kicked off Sunday with a party whose cost is informally estimated at $100,000. Fun-loving financiers and junket-hardened journalists well-used to the sumptuous functions which traditionally accompany discussions of the world's poor were clearly impressed by Scotiabank's hospitality. Flamenco dancers and free-flowing drink greeted the guests, who circulated through the throng whispering such cryptic comments as "one-and-seven-eights for Brazil's spreads" and "look out for Peruvians after 10-year terms."

Unusually, the green name-tags of lenders far outnumbered the blue name-tage of borrowers. For many of the South Americans, accustomed to the coup as a mode of Governmental mandate, the nearby Spanish Cortes, scene of last month's abortive military bid for power, would have been no deterrent to an enjoyable evening. For the British and American bankers, however, it might have proved a distracting reminder of their own outstanding loans to Spain, never mind Latin America.

Last word

A reader recently in Baghdad tells me of a taxi ride in a vehicle so venerable that it took over two hours to deliver him to a town less than 40 miles away. "This old banker of yours would make a damn good hearse," he told the driver. "Thank you, mister," came the reply, "anytime you want, I am happy to take you."

Observer

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FINANCIAL TIMES SURVEY

Tuesday April 7 1981

ITALY

Amid all the apparent chaos in Italy, the country has nevertheless managed in recent years to consolidate its position as the West's sixth economic power, and, indeed, in 1979 and 1980 achieved the fastest economic growth of any EEC nation.

Sig. Arnaldo Forlani heads the battered six-month-old coalition Government

President Sandro Pertini: critical of politicians, but adored by the public

Sig. Enrico Berlinguer, the Communist Party Secretary, demands a new strategy

Problems loom on every side

By Rupert Cornwell

WHERE ELSE but in Italy could the word "crisis" have been all but stripped of meaning? Today, the country, to Italians and foreigners alike, seems in a worse than usual shambles.

The Government could fall at any moment; the economy has gone sour; inflation exceeds 20 per cent and the currency has just been devalued; the union movement is in disarray and official and wildcat strikes proliferate. Huge state corporations stagger under mountains of debt, and the country continues to live beyond its means.

The great divide between the prosperous North and backward, feudally-minded South has been thrown into even starker relief by the earthquake which killed 3,000 people last November. The city of Naples, symbol par excellence of the Mezzogiorno's difficulties and of the shortcomings of the Central State, has seemed close to coming asunder.

That the battered six-month-old Government of Sig. Arnaldo Forlani survives amid the constant feuding of the four parties in the coalition is largely because no one can think of anything with which to replace it. Constitutional reform is being discussed as never before.

And yet, somehow, the show stays on the road. To replace the word crisis, this perennially inventive country — ever ready to indulge in self-denigration — has devised new terms: "The Emergency," "The Italian Case," and "The Italian Drama" are just some of them. "Where will it all end?" the newspaper editorials ask, after the latest scandal, the latest terrorist outrage, the seemingly unbreakable political stalemate.

Complexities

The truth is that nobody knows. In a country of so complex a present and so fragmented a past, power lies in no single pair of hands (least of all the Prime Minister's), but is shared in varying degrees between competing interest groups — the separate political parties, the unions, industry, the professions, the Church. Predictions are impossible.

Nonetheless, amid the apparent chaos, Italy has managed in recent years to consolidate its position as the West's sixth economic power and, indeed, in 1979 and 1980 achieved the fastest economic growth of any EEC nation. All this is doubly remarkable in a country over-populated, short of agricultural land, and almost bereft of raw materials.

Few visitors fail to be struck by the visible prosperity of Italy, at least in its northern two-thirds—" Why do we never hear about this?" they may ask. One answer is that not only is good news no news, but that disasters, man-made or natural, are about the only events clear-cut enough to be simply explained to the average reader.

Another is that Italy defies most attempts at generalisation. It is so many things at once: both an advanced, developed country and an under-developed one, both West European, integrated into the Common Market, and Mediterranean.

Above all, perhaps, it is provincial. To be in Ferrara, Padua or Modena (to name but three of the North's resurgent city states) and read about scandals, political crisis, or terrorism in the capital, Rome, sometimes can be like learning of events on another planet. That also helps to explain why in Italy the sum of the parts is greater than the whole.

But the Italians themselves also wished it that way, when they rebuilt the country after the 1939-45 war. The Republican constitution of 1947 has a cardinal theme: to see to it that a disaster like fascism, when a state with pretensions of grandeur and an imperial foreign policy trampled on the rights of minorities and led the nation to catastrophe, could never happen again. Hence the checks and balances, the proportional distribution of political representation, and the weakness of central authority.

In recent years the centrifugal process has gathered pace; the parallel "submerged" economy is a fact of life. Italy has been described as an archipelago of island units existing within the same national territory. Nor is the discovery new. Metternich, over a century ago, dismissed Italy as "a geographical expression."

For all its imperfections, the system seemed to work, at least in the good years. The political system might be paralysed by the lack of an alternative government to one centred on the Christian Democrats, while the bureaucracy remained as inept as ever. The politicians were sealed off in the *palazzo*, far from the real world outside where life went on and people became steadily richer. Probably a weak state is the only kind within which all the contradictions of the country can be accommodated.

Shortcomings

But the economic tide is now receding, and it has left stranded and exposed on the beach all the shortcomings of modern Italy; the inability to plan ahead, or take decisions except when faced with calamity; the lack of a basic national consensus, fuelled in turn by the lack of an example from the top when sacrifices are required from everyone; and the political parties' failure to put obvious national good ahead of narrow sectoral interests of the corporate state.

The 6 per cent devaluation of March 22 is a symbol of these ills. Since the last lira/payments crisis of 1976 almost nothing has been done to tackle the structural problems of the economy. Nuclear power stations have got no further than a series of plans on ministerial desks. Concessions wrung from management by unions had turned Italian workers into some of the best protected in Europe.

Excessive indexation, especially of wages, has nullified all attempts to reduce relative labour costs—except by devaluation, and credit squeeze. Now, what was expected to have been a mild recession risks becoming a severe one. A 19 per cent bank rate (and 22.5 per cent prime lending rate) threatens to make life even harder for efficient private and public sector companies, and propel the less strong either into the bankruptcy court or the arms of the state. Once again an economic go phase will have given way to a still more violent stop.

Unless, of course, this government or a successor can carry through the structural changes that its predecessors have failed to do. What is required is openly or tacitly agreed by everyone: measures to hold back runaway public spending, and the massive deficit (this year around 11-12 per cent of GNP) which builds inflation into the system; changes to water down, if not abolish, the "*scala mobile*" system of automatic wage indexation; and a package to put key industries, such as steel, cars, and electronics, on a sounder financial and technological footing.

Antagonism

But rarely has there been a government less well equipped than the present one. Its four component parties — Christian Democrats, Socialists, Social Democrats and Republicans — are at each others throats weekly. Two months before important local elections, they have found it harder than ever to agree to measures which would hurt their natural electorates.

In this absence of political consensus and authority, industry and unions may be tempted to settle their scores in a bruising confrontation. The trend became evident last October, when the collapse of the month-old strike at Fiat, Italy's biggest private employer, against the car group's plans to lay off 23,000 men signalled what may be a watershed in Italian affairs: the end of a decade when organised labour held the aces, and the start of a period in which capitalism and the principles of the market economy are fashionable once more.

But the dangers are evident. The unions are like a wounded beast at bay, lacerated within and challenged from without. But there are hopeful signs. At least this combination of ineffectual government, mounting economic difficulties and deteriorating industrial relations is starting to concentrate peoples minds—though only a bold man would insist that things will not sink back into their old pattern once the immediate difficulties are over.

Broadly, three things are happening. The most important in the short term is the reminder for the Christian Democrats (and for everyone else for that matter) that the minimum consensus required, if the various interest groups are to be persuaded to strike a deal, must embrace the Communists as well.

The PCI's hard line brought down the previous government of Sig. Francesco Cossiga last September, and the stern Par-

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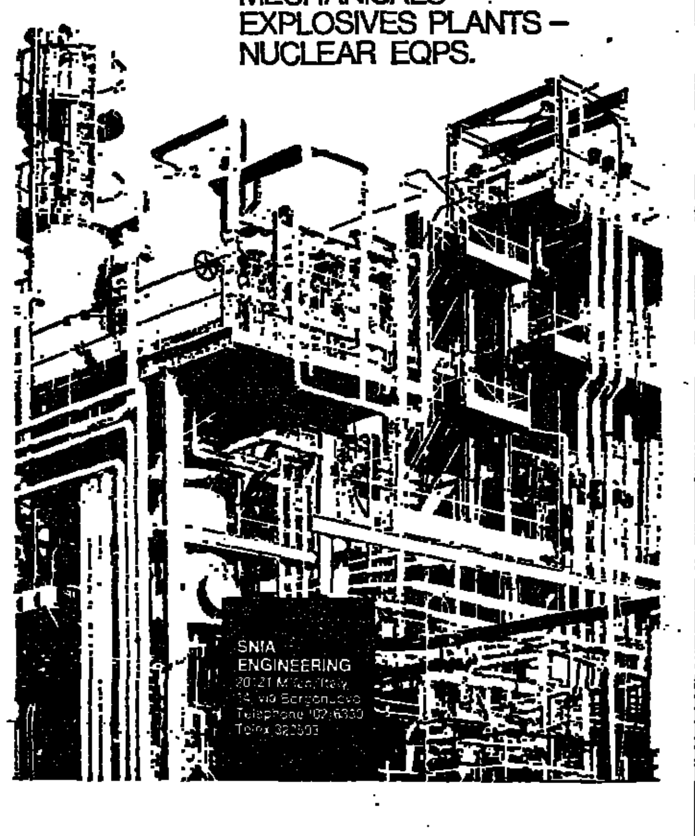

Wobbly coalition beset by internal feuds

POLITICS

RUPERT CORNWELL

RARELY HAS the confusion in Italian politics seemed as great as now. The present Government, a four-party coalition under Sig. Arnaldo Forlani, a Christian Democrat, is, if possible, even wobblier, and more beset by internal feuding than its predecessor.

The country's two biggest parties, the Christian Democrats, who have held power for the last 35 years, and the Communists, who have been excluded from Government for the last 32 years, are both internally divided. The fact that the Christian Democrats are in such a state is nothing new, but the *open dissent within Communist* ranks is a new ingredient in the Italian political stalemate.

It is true that the Socialist Party, which has 9.8 per cent of the vote, making it an essential partner if any administration is to be formed with the Communists in opposition, are in better order than for some while. But Socialist cohesion has only increased the suspicions and jealousies of the two main parties, and exacerbated the *underlying tensions.*

And all of this is against a background of mounting dissatisfaction with the political system as it now operates. The need for constitutional reform is the fashionable topic on everyone's lips, while the emergence in Sig. Sandro Pertini of an outspoken and highly popular President of the Republic has added a joker to a political pack already hideously complicated.

The immediate problems stem from the inconclusive General Election of June, 1979, which, in the words of one leading politician, at the time, "created no winners, just losers."

Support

The Christian Democrats displayed the remarkable stability of their support, capturing yet again about 38 per cent of the votes. The Communists fell back to 30 per cent from 34 per cent at the previous General Election in 1976, but their loss did not prove the Socialists' gain. While the party again captured just under 10 per cent, the votes dropped by the Communists went primarily to the Left-wing Radical Party, but to a lesser extent to the smaller centrist parties, the Liberals, Social Democrats and Republicans.

In a typically contorted fashion, the three governments which have followed those elections have expressed the fundamentally rightward shift in the national mood. After the breakdown of the accommodation between Christian Democrats and Communists from 1976 to 1979, successive administrations have embraced Christian Democrats, Liberals and Social Democrats; then Christian Democrats, Socialists (back in government for the first time since 1974) and Republicans; and finally, under Sig. Forlani, a four-party arrangement of Christian Democrats, Republicans, Socialists and Social Democrats.

This last is exactly the Centre-Left formula which *operated from mid-1960s to the* early 1970s—though, in the interests of preserving the illusion of political progress, it is not referred to as such. Sig. Forlani took office amid cautious optimism that finally a reasonably solid government had arrived. Its parliamentary *majority was* around 100, and the new Prime Minister was a Christian Democrat who had always been well-regarded by the Socialists, and was accept*able to most factions of his* own party. But events went wrong from the outset.

As the Government was sworn in at the end of October 1980, a massive oil tax scandal broke, which led indirectly to the resignation, in early December, of Sig. Antonio Bisaglia, the Industry Minister. Then came the southern earthquake, which revealed more starkly than ever the chronic organisational incompetence of any government.

Hardly had the strains caused between the coalition partners subsided than the four parties were at loggerheads again—this time on how to react to terrorist demands in the case of Sig. Giovanni D'Urso, the *judge captured* by the Red Brigades. Since then, squabbling has been a weekly event: on such issues as pensions, economic policy, and the hoary allegations of the international connections of Italian terrorism. Parliamentary defeats are an almost daily occurrence.

Underlying the instability is the dilemma of what attitude to adopt to the Communists. In crudely over-simplified terms,

After the earthquake—a stark revelation of the chronic organisational incompentence of government.

roughly half the Christian Democrats would prefer their party to build a new understanding with the Communists, rather than place themselves at the mercy of the Socialists in Parliament. Similarly, around a third of the Socialists would prefer their party to work towards a common front on the Left, *instead of indulging in* the undisguised anti-communism favoured by Sig. Bettino Craxi, the PSIS leader.

These latent divisions within the two principal coalition partners are a built-in recipe for trouble. Every time a Christian Democrat-led government veers too much in the direction of the Socialists, the respective Socialist and Christian Democrat wings sympathetic to the PCI are prone to rebel. Last September 27, they did so in Parliament, and brought down the six-month-old government of Sig. Francesco Cossiga, the *previous Prime Minister.*

Sig. Forlani has taken the lesson to heart, and has cautiously let it be known that he would like to reach a new accommodation with the Communists. The Christian Democrats are, moreover, trying to find an internal compromise, after the hard-fought narrow victory of the anti-Communist faction at the Party Congress in the Spring of 1980.

The only trouble is that the Communists are in a mess themselves. Sig. Berlinguer first appeared to abandon the "historic compromise" concept of a *deal with the Christian Demo*crats in the aftermath of the southern earthquake, last November. It was to be replaced by an alternative government of "honest and capable men," led by the PCI.

But sections of his Party are deeply unhappy with two strands *in current Communist* behaviour: the poor relations with the Socialists, whose support is essential for any alter*native to get off the ground;* and the deepening rift with Moscow. The faction which is wholeheartedly loyal to the Soviet Union, is small—but it cannot be overlooked by any PCI leader.

But the problems go far deeper than mere formulae and bickering between party factions. Rarely has the abyss between the convoluted world of the *palazzo* and the real world been so apparent. The parties speak to each other in codified newspaper interviews, incomprehensible to 95 per cent of the population. The real world goes almost ignored and, in a recent poll, Italians rated the inadequacies of their politicians the country's greatest ill, ahead of inflation, *terrorism, or anything else.*

It has been the politicians' misfortune that their shortcomings have been shown up so starkly by President Pertini. Since his surprise election to the Quirinal Palace in July, 1978, he has turned what used to be a ceremonial office into a new centre of influence. If the politicians have lost the public's confidence, Pertini has gained it by speaking out—he is always sincere, often emotive and frequently cricital of the way the country has been run.

Shudder

After returning from the earthquate zone, his broadcast, attacking the incompetence of the Government, sent a shudder through the Establishment. The politicians hate his outspokenness, and accuse the President of over-stepping his constitutional powers. The public, *however, adores him. As Pertini* himself put it recently: "Presidents used to be deaf, mute and blind. I am not!"

Nonetheless, his involvement in politics has further complicated the delicate calculations of the parties. For example, the statement that he would not, *under any circumstances, dis*solve Parliament and call elections before they fall due in 1984, has forced a number of tactical assumptions to be revised.

The issue of whether Italy needs a more "presidential" regime along the line of the fifth *republic in France is but one* facet of the great debate on constitutional reform. The ball was set rolling by Sig. Bruno Visentini, president of both Olivetti and the Republican Party, and regarded as a spokesman of a northern bourgeoisie exasperated by the instability of government, and the inefficiency and corruption engendered by *the stranglehold of the parties* upon real power.

In order to make government more independent, and to return authority to Parliament, where the 1947 Constitution intended it to be, Visentini suggested that ministers should be chosen by criteria of competence alone, *irrespective of their political* power-bases. Governments should draw their support on a measure-by-measure basis, and not necessarily rely on any preordained majority.

The controversy aroused by the Visentini proposals is a measure of how raw a nerve *they touched.* Broadly, they have divided politicians into two camps: those who would like a closer understanding with the PCI, and see such a scheme as a means *of providing* that, and those, such as the small centrist parties—Socialists and Social Democrats, above all —who know full well that implementation of similar proposals would sharply reduce their own influence.

Sig. Craxi, who has floated some vague reform *proposals* of his own, has dubbed the Visentini idea as the creature of a "New Right"—a rather curious judgment if one considers that the Communists have expressed support for it. Such, though, are the linguistic contortions of Italian politics. The *most cynical forecast*—and thus, probably the most accurate—is that ideas of constitutional reform will go on being bandied around, but rather to serve marrow interests than the common good.

In the meantime, the various parties continue to press their own *strategies:* the Socialists to have one of their own, as Prime Minister, and the Christian Democrats to keep the Socialists out. The next opportunity to measure respective strengths will come at this June's round of regional and local elections. But there is scant sign that these will produce a radical shift in voting patterns where others before them have not. The prospects of genuine renewal in Italy's ossified politics *still look* remote.

Sig. Flaminio Piccoli, secretary of the Christian Democrat Party. He is a veteran politician whose authority within the party is almost as great as that of the Prime Minister.

Sig. Bruno Visentini, president of both Olivetti and the Republican Party, is regarded as a spokesman of the northern bourgeoisie who are exasperated by the instability of government.

BASIC STATISTICS

Area	301,300 sq km (116,317 square miles)
Population	56.91m
GDP	L268,868bn
Per capita	L4.72m
Exports	L5,561bn
Imports	L7,115bn
Trade with UK: exports	£2.31bn
imports	£1.89bn
Currency, lire;	£=L1,992.2
Inflation (1980)	21.2%
Unemployment (1980)	7.6%
Foreign exchange reserves (Jan. 81)	U.S.$20.48bn

Percentages of total trade for the period January-October, 1980:

Region	Imports	Exports
EEC	44%	49%
USA and Canada	8%	6%
Eastern Europe	5%	3%
Africa	11%	10%
Asia	17%	11%
Oceania	1%	1%

Defence thinking starts to overcome inertia

FOREIGN POLICY

RUPERT CORNWELL

IS ITALY assuming a more assertive defence and foreign policy posture? The Russians certainly seem to think so. A recent headline in Pravda, the Soviet Communist Party daily, accused Rome of not only being against detente but also of being in the grip of a "militaristic frenzy" which was *allowing the* armed forces to play an ever greater role in the country's political life.

On one level the article, carefully timed to coincide with the first significant trade contacts between the two countries at a Government level since the invasion of Afghanistan, was another demonstration of that old rule-of-the-thumb about Soviet propaganda: it always accuses the West of being about to do what Moscow itself has in mind.

But Pravda's observation *should also be seen as a back*handed compliment. Obviously, any country less in the throws of militarism than Italy it is hard to imagine. But in its perverse way the abuse was a tribute to the more forceful defence and foreign policy thinking which started to emerge in Rome after many years of relative inertia.

In many respects the pressures on Italian foreign policy-making are as complex as the country itself; so much so that for a long while the simplest way of containing conflicting influences was to do little—hence the unkind jibes that Italy had no foreign policy at all. But how else was the country to reconcile its founder membership of NATO and close *links with the U.S. with the* fact that it was the home of the West's largest Communist Party, which in turn could not be ignored if any degree of *domestic political manageability* was to be achieved? Moreover, its increasingly important economic ties with the Eastern bloc, the Arab oil producers and the *often* radical Third World could run against some of the orthodox tenets of the Western Alliance.

But for a number of reasons, both national and international, things are beginning to change. The fundamental element is, perhaps, the renewed tension between East and West. Italy's domestic policies are inevitably conditioned by relations between the Great Powers. It was no accident that rapprochement between Christian Democrats, closely aligned with Washington, and the Communists at home flowered in the warmest years of detente, only to fade today.

The West and Italy have been *obliged to give greater priority* to defence and security, and nowhere more than on the southern flank of NATO, of which Italy is a key component. True, the return of Greece to the integrated military alliance and the arrival of a stronger, albeit military, regime in Turkey have helped give NATO's underbelly a more solid look. But the continuing Soviet naval build-up in the Mediterranean, and the region's proximity to the Middle East and the Gulf mean that Italy's strategic importance is greater than ever.

These new international realities coincided with the need, which could no longer be ignored, to modernise the country's armed forces after a period of stagnation. The figures are accusingly listed by Pravda: a defence budget up from L5,119bn in 1979 to some L6,000bn last year and an esti*mated L7,511bn ($7.5bn) this.* The vagaries of Italian public spending may cast doubt on the exactness of these allocations, but the trend is unmistakeably upwards, and the annual increases well above the recommended NATO target for member countries of 3 per cent.

The change is mirrored at a foreign policy level too. If Italy has none of Mrs. Thatcher's enthusiasm for taking part in any rapid deployment force for *the Gulf,* it has already begun to put flesh on talk of a more active role to ensure stability in the Mediterrean, the country's natural defence theatre.

Last summer the Government moved with perhaps unexpected speed to guarantee Malta's security and provide financial aid to the island when Mr. Dom Mintoff, Malta's Prime Minister, came to Rome to try and reduce his country's dependence on Libya's Colonel Ghaddaffi. Italy's considerable economic interests in Libya meant that the Government had to make some delicate decisions; but thus far Rome's balancing act *seems to have succeeded.*

Lately, moreover, the Defence Minister, Sig. Lelio Lagorio, and Admiral Giovanni Torrisi, Chief of the Defence Staff, have come out in favour of a more forward role for the Italian Navy in the Mediterranean. This would dovetail with the remodelling of the Navy now under way to create a nimble, high-firepower force centred around destroyers and guided missile frigates. It would be an inland sea, rather than ocean, fleet, which might fill in if part of the U.S. Sixth Fleet, based at Naples, had to be deployed elsewhere—the Gulf, for instance.

A comparable new assertiveness is plain also in Italy's dealings with the Common *Market. Membership of the* EEC, along with the U.S. alliance and NATO, has always been an article of faith for Italian Governments—too much so perhaps for the best interests of the country.

Sig. Emilio Colombo, Foreign Minister.

The lack of disagreement over the virtues of the Community, the general view that membership was a guaranteee of Italy's place in the West European mainstream, the provincialism of Italian politicians —all these factors have meant that Italy has not benefited as *much as it might have done* from the EEC.

"The "convergence" that Rome Ministers have always talked about, to bring about a fairer division of resources to aid the poorer parts of the Community, has not happened. This year it looks as though the Government, under pressure from its vociferous farm lobby, means business as never before in its demands that the Common Agricultural Policy give greater help to Italy.

But there are other, more personal factors as well. The previous Prime Minister, Sig. Francesco Cossiga, 16 months ago displayed great political skill in nudging through arguably the most significant defence decision of the past *few years—Italy's acceptance of* Cruise missiles on its soil as part of the programme to modernise NATO's theatre nuclear weapons in Europe.

That success has been built on by his successor Sig. Arnaldo Forlani, who is an experienced ex-Foreign Minister. Moreover, *Sig. Emilio Colombo,* the present Foreign Minister, has both the ability and international standing to give added weight to Italian foreign policy.

His success in stitching together the compromise which settled Britain's EEC Budget dispute in May 1980 has not been forgotten—even if Rome is now wondering if more British-style bloody-mindedness might not also yield dividends for Italy as well in Brussels.

Paradoxically, this greater assertiveness has increased Italian sensibilities about being excluded from a presumed inner circle of Western Powers, consisting of France, West Germany, Britain and the U.S. Earlier this year its satisfaction was tangible in wringing from President Giscard d'Estaing the promise that no such restricted summit would take place to "introduce" President Reagan to his major West European allies.

Rome is instead trying to ensure that the brief of the regular annual get-together of the "Big Seven" industrial nations is widened to take in purely political matters as well as economic problems. *It is also* placing great emphasis on the political co-operation mechanism now developing within the EEC.

The Community seems indeed the most logical framework for Italian foreign policy to operate —as Sig. Colombo acknowledged in a speech this year calling for not only greater political co-operation, but steps towards a common defence policy as well.

None of this, of course, is to suggest that Italy has any yearning to imitate Gallic pretensions to "grandeur" in its international dealings. Even if that were the case, the chronic fragility of governments in Rome and the eternal jealousies among politicians would see to it otherwise.

Moreover, a foreign policy needs a credible defence capability to match. As Admiral Torrisi recently admitted, defence spending accounts for only 2.5 per cent of Gross Domestic Product and financial constraints have meant that a ten-year plan for modernisation of the armed forces, intended to run from 1975 to 1985, has been extended until 1990.

Rather is Italy seeking to use its unique position at the crossroads of Western Europe, Africa and the Middle East as a *fulcrum, and in so doing to give* the country—the West's sixth (or fifth?) biggest economic power—a commensurate foreign policy.

مكتبة الأصل

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Delayed recession calls for essential measures

THE ECONOMY

JAMES BUXTON

DURING THE weekend of March 21-22, the Italian economy came to the crunch that had been looming for months. After three days of almost continuous ministerial discussion, during which two ministers almost came to blows, Italy devalued the lira and put up its bank rate to record levels—but left the final decisions on the fiscal measures which should have accompanied these moves to a later set of Cabinet meetings.

The package was almost universally condemned, by groups ranging from trade unionists, representing anything that might make life harder (there was talk of a pay freeze on public sector workers) to businessmen angry that yet more State funds would end up being paid to inefficient State industry, and by economists who criticised the absence of firm measures for restructuring the economy and who doubted if the six per cent extra margin the devaluation gave the lira to drop within the European Monetary System, would be sufficient.

The monetary and currency measures had become essential. The immediate cause of the crisis was the build-up of pressure on the lira which, in the week before devaluation, is reckoned to have cost the Bank of Italy about $1bn and a total of $3.5bn since the year began. *The underlying reason was the* alarming build-up of the balance of payments deficit and the continuing high level of Italian inflation.

Italy did not begin to contract its economy until last July—long after most of the other industrial countries. For most of 1980, Italy enjoyed a continuing boom, except in certain chronically weak sectors, with an annual growth rate of more than 4 per cent. But the boom was based on domestic demand, export demand having weakened both because of declining foreign markets and the decline of Italy's competitiveness in many sectors, due to uncontrolled inflation.

Traumatic

While Italy had seen strong export-led growth since the traumatic devaluations of 1976, and had significantly increased its share of world markets of manufactured goods, during 1980 exports of all kinds declined, in real terms, by 4.3 per cent. The fall was particularly noticeable in cars, where exports fell in volume by 13 per cent and ground was lost in overseas markets to Japanese cars. But Italy's traditional sectors, such as textiles, shoes and furniture, also lost ground—both in export markets and to imports in the home market.

This loss of market share for a country which depends heavily on exports, which must be price-competitive, is a more serious element in the balance of payments deficit than the effect of higher oil prices, even though that largely accounted for the size of the trade deficit of L18,659bn for 1980, compared with one of L4,726bn in 1979. The balance of payments current account deficit for 1980 was estimated by the Bank of Italy at between L8,000bn and L9,000 bn for the year, with an overall deficit of L6,558bn, financed mainly by exceptionally heavy borrowing by Italian institutions on the Euromarket.

The package of measures to restrain economic growth that was introduced by the Government of Sig. Francesco Cossiga in July last year was supplemented, in September, by the introduction by the Bank of Italy of a credit squeeze when the Cossiga Government was defeated.

The Bank of Italy could reasonably justify its decision not to devalue the lira when it came under pressure for a time last summer, on the grounds that not doing so forced industry to become more efficient—it did, indeed, trip off a cost-cutting exercise in many companies. In the face of the strong rise of the dollar against other currencies, in January, there was a further tightening of the credit squeeze at the beginning of February.

Yet it was aways clear that if the balance of payments and the inflation rate did not show signs of improvement, then the measures in force would at least have to be made more stringent. Inflation in 1980 ran at an annual rate of about 21 per cent and the figures for February, emerging in mid-March, showed that the rate had hardly improved at all. The balance of payments figures for February was disastrous, at L1614bn, three times the figure for January.

Until March, a devaluation of the lira within the EMS had hardly been a viable proposition because all currencies were under almost indiscriminate pressure from the dollar and, for a time, the weakness of the West German economy led to the lira actually appreciating against the D-Mark. A devaluation, in such circumstances would have been senseless. But when the D-Mark started to regain strength, the lira began to come under pressure within the EMS and the authorities decided there was little point in further consuming Italy's foreign exchange reserves to protect the unprotectable.

The arguments within the Government which surrounded the decision to devalue the lira and to raise the bank rate another 2.5 per cent to an Italian and European record of 10.5 per cent, centred not so much on those steps as on the fiscal measures which need to go with a devaluation to make it effective.

What the economy needs is the freeing of restraints on large scale private industry, the making more efficient of the State sector and an end to the endemic inflationary pressure. But Italian governments face two basic problems in taking the kind of fiscal measures that would produce real structural improvement. The first is that the Scala Mobile, the system of indexing wage increases to consumer prices increases, which is a major cause of inflation, is virtually untouchable on political grounds, being part of the tacit compromise under which the country has some degree of governability. Yet the Government is coming under increasing pressure, both from the IMF and the EEC to slow or stop its operation.

The second is that coalitions in general are weak instruments for decisive government. The current four-party Centre-Left Coalition is one of the weakest and most divided governments that Italy has had for years, the divisions accentuated by the approach of local elections in June (enjoining all parties to butter-up their supporters with increased spending) and personal tensions between the three main economic ministers, and the other ministers concerned with the economy.

The Government needs to cut its budget deficit for this year by about L5,000bn to keep to its original proposed deficit of L37,500bn, in order to reduce the borrowing requirement, and *to* diminish inflationary pressures. The increase in budget deficit was due mainly to Parliamentary defeats in the past few weeks, which added on new spending commitments, and partly to high pay settlements agred by some Ministers.

But the proposed cuts in current spending, including reducing social security payments, not implementing a pay deal for directors, and instituting a pay freeze for public-sector workers, are highly unpopular with some Ministers. The only way the Cabinet would accept the outline package that accompanied the devaluation was by wrapping them up with capital spending programmes (such as the rescue operation for the State steel sector) under the *sketchy three-year plan devised* by Sig. Giorgio la Malfa, the Budget Minister.

This plan is aimed at maintaining the overall level of Government spending over the next three years, but shifting its emphasis towards investment away from current spending. Sig. Nino Andreata, the Treasury Minister, regards the as-yet-unpublished plan as a recipe for even more wasteful public spending—much of it on inefficient State industry which is lumbered with an irreducible labour force and immobility of manpower.

Whatever form the finally agreed cuts actually take, they still have to pass through Parliament at a highly difficult time, on account of the forthcoming elections. The important question is whether the monetary and credit measures already enforced will, on their own, do the trick of diverting production to exports, which is what they may have to do.

Traditionally, the Italian economy has responded well to such measures, and has turned round with a speed that has left economic forecasters gasping. But, this time, there is considerable doubt as to whether the 6 per cent devaluation will be sufficient, with the possibility that a further devaluation may become necessary.

Inflation is predicted to fall to 15-16 per cent during the course of the year and no real economic growth is anticipated. However, the sharp drop in industrial production, which occurred at the end of last year, may ensure that the recession does not become much deeper and that an upturn may occur before the end of the year, as overseas markets improve.

Indeed, in many of the cities of the north, some of which have not a single unemployed person, there is little evidence that the recession has occurred at all. If Italy can regain its price competitiveness the fact that industrial investment has totalled an impressive 20 per cent over the past two years should come into its own.

But there will remain major structural problems to be storted out. ithout a modification or temporary block of the Scala Mobile inflationary pressures will remain, and many observers have concluded that Italy should not have joined the EMS when it began two years ago without having an anti-were not in the EMS, its currency could float downwards as economic forces dictated.

There are some signs that the problems of labour mobility and of the near impossibility of sacking surplus workers in large companies are beginning to be tackled in the private sector and that more constructive thinking on improving productivity is going on in the trade union movement. But the movement itself has serious internal problems, which will not make concessions to management easy and the problems of labour mobility in the public sector appear as intractable as ever.

And while plans are afoot for the revival of some of the problem-ridden mature industries (such as steel and the motor industry), there is far less sign that Italy has a coherent plan for developing new industries, in such areas as microelectronics, to spearhead growth in the 1980s.

Flair

It may be that the dynamism in the current decade will come from the highly energetic small companies which operate efficiently with a great degree of entrepreneurial flair and with little union restriction — the companies which helped make Italy's export performance from 1976 to 1979 so impressive.

But there remains another *lingering threat* to the Italian economy. There were power-cuts for a few days early this year when exceptional electricity demand coincided with some diminution of supply—but the basic reason was that Italy's electricity supply is precarious, depending heavily on importing electricity from abroad.

The *current tightness* of supply should be sorted out in the next year-and-a-half as new capacity, commenced in the early 1970s, becomes available. But apart from the fact that the new power stations will actually increase Italy's dependence on oil, a far worse energy crisis is looming for the end of the decade.

Since 1975, Italy has only commenced one major new power station (and that, a nuclear plant, had work on it stopped, due to local objections, until the end of last year). Unless a new programme for nearly doubling Italy's electricity capacity by 1991 by means of mainly nuclear and coal-fired power stations moves underway soon, Italy could, theoretically, be 30 per cent short of its electricity needs by 1991.

The problem is that executive power is so diffuse in Italy that the building of power stations can be blocked—in the case of nuclear plants—at village level, and the environmentalist lobby has great influence. However, the power cuts of this year may have demonstrated the stark realities of the energy crunch, and they have been capitalised on by the electricity authorities and by the new Minister of Industry, the respected Sig. Filippo Maria Pandolfi.

If there is a broad change of attitude on this crucial issue, then a great burden will be lifted from medium-term prospects for the Italian economy.

Problems loom on every side

CONTINUED FROM PAGE 1

liamentary opposition announced by the Communists may hasten Sig. Forlani's downfall too. The question is what does Sig Enrico Berlinguer, the party secretary, want in return for being more co-operative? And this leads on to the second point of movement.

Taking its cue from the incompetence displayed by the government in responding to the earthquake emergency, Sig. Enrico Berlinguer, the PCI secretary, announced a change of strategy that virtually buries the seven-year-old concept of the "historic compromise," *under which* the Communists sought to join the Christian Democrats in a grand alliance to put the country to rights.

Instead, he proclaimed the need for a Left-wing alternative, led by his own party, to replace them. Obviously this would presuppose an improvement in the PCI's strained relations with the socialists on the Italian Left. Equally obviously it presupposes the celebrated "break" (whatever that exactly means) with Moscow. Today, relations between Italian and Soviet Communists have never been so bad.

Final straw

Afghanistan and Poland divide them utterly. Sig. Berlinguer has made clear that a Soviet intervention in Poland would be the final straw, while the Russians responded by refusing to allow Sig Giancarlo Pajetta, leader of the PCI delegation, to address February's Soviet Party Congress in Moscow. But is all this enough to still the old fears about the PCI, at a moment when East-West relations are so tense?

Many people, enamoured neither of Communists nor Christian Democrats, are fed up with waiting for the tortuous meanderings of Italian politics to lead anywhere. Hence the unprecedented clamour for constitution reform. The popularity of President Sandro Pertini, who has never hidden his disappointment with the party politicians, is further proof of the mood. The reform proposals are various, and often less than precise, but their aim is much the same: to provide a parliament which functions, governments which do not fall every six months, and public services and administration befitting an advanced industrial economy.

In a way this frustration at the political system, the widening gap between rulers and ruled, is a facet of the movement to the Right that has become increasingly discernible. The outcome of the Fiat strike, the diminishing activity of Left-wing terrorists, the boom on the Milan bourse, the quieter and more serious mood on once explosive university campuses, all are part of the pattern.

As usual the politicians, obsessed by the dictates of daily tactics, are hardly alive to the mood. But maybe it is not an unpropitious climate in which to build a new compromise.

In the past Italy has been saved by the genius of its various contending parts to establish a basic minimum understanding to keep things going, whatever the fundamental divides between Catholic and Communist, northerner and southerner. This time, when problems again are looming on all sides, there is no reason to expect that a similar accommodation will not be reached. But what shape it will take, as was made clear at the outset, is anyone's guess.

The most difficult situation for years

INDUSTRY

JAMES BUXTON

RECESSION HAS combined with the structural weaknesses of Italian industry to produce the most difficult situation it has faced for years. Sector after sector is confronting serious problems which can only be sorted out by major reform initiated by the Government, while far too little is being done to secure Italy's place in new industries for the 1980s.

Against that it should be said that there is at least a greater realism on the part of some of the authorities and some sectors of public opinion about the need for change, and there have been specific reverses for the trade unions who are responsible for many of the problems.

There have been some signs of improved performance in parts of large-scale industry, but the vitality of the Italian economy is still more obvious in the small entrepreneurial sector, than in the large.

One of the basic strengths of Italian industry, including large-scale industry, has been its price-competitiveness, the ability to make good products more cheaply than its competitors. It is less strong, in terms of advanced technical innovation, unlike, for example, West Germany. After the three devaluations of 1976 this competitiveness came into its own, and Italy managed to increase its share of the world market for manufactured goods from 5.9 per cent in 1973 to 7.1 per cent in 1979.

But in 1980 Italian exports of manufactured goods not only did not grow, but declined in real terms by 8 per cent—the result, not just of world recession, but of the fact that Italy was pricing itself out of its markets.

Decline

As it happens, many companies will report good results for 1980, but that is because they switched to producing for the home market where demand remained strong because of Government reluctance, at least until July, to restrain it. Hence, the big balance of payments deficit which led to the devaluation of the lira in late March.

Mature industries, such as the vehicle sector, saw their exports decline by 17 per cent in real terms. Italy's strength is in small cars (almost all made by Fiat), *and these are particularly* vulnerable to Japanese competition, especially in countries such as Austria and Switzerland which are not loyal to manufacturers of particular nationality, while the Italians have been hit hard by the Japanese in the West German market. (Italy does not, however, suffer Japanese competition in its home market: imports of Japanese cars are limited to 2,000 a year.)

Italy's once-strong domestic appliance or white goods sector is in severe difficulties, with Zanussi having laid off a large part of its workforce. Indesit is fighting its way back from near-bankruptcy. They and other manufacturers are also in difficulties in the field of domestic electronic products—brown goods. Indeed, Indesit has, for the moment, stopped making them.

Italy's more traditional industries have also been hit badly, including footwear, with imports taking at least a quarter of the market, and textiles, where Indian goods have flooded into the country. The problems of weak demand for steel in Europe, and the consequent effect on most producers, is well known.

The underlying reason for the erosion of Italian competition is the steady rise in wage costs, as a result of the linking of wages to the consumer price index, under the *Scala Mobile* system, and other elements of union power, which include tight restrictions on the mobility of labour and the virtual impossibility (at least until recently) of sacking people in big companies. Italian companies dolefully produce figures comparing their own labour productivity with that of their European, U.S. and Japanese competitors.

All these factors apply in the State sector, where despite the existence of a number of remarkably sprightly and successful concerns, the usual pattern is low productivity, heavy payrolls, political interference and vast accumulated debts which politicians are rarely able to agree on restructuring or writing off. One aspect which many observers find depressing is the way in which the standard solution, when a private sector company fails, is to go to the Government for help—which at the very least usually means the Government printing money to bail them out and, at worst, leads to the Government taking control of them.

Once a company is in the State sector—or in the kind of limbo between State and private control which was provided for in recent legislation—labour mobility and the possibility of sacking people is yet further reduced. This is the position of two failed private sector chemical groups, SIR and Liquigas, both an appalling burden on the Exchequer and on the planners, and now effectively under the control of ENI, the State energy concern.

For lack of other controls on inflation, industry must suffer very high interest rates, with the rate for prime borrowers having now risen to 22.5 per cent, following devaluation.

There are, however, large companies which have recently, at least partially, triumphed over the difficulties which laid them low in the 1970s: Olivetti, the business machine and electronics concern, registering record profits last year, having made considerable technical innovations and major reductions in the workforce; and Pirelli, the tyres and cables group, whose Italian subsidiary returned to profit last year, thanks to the introduction of new products, financial restructuring and improved productivity (even though its labour force is almost as big as it was in 1976).

Breakthrough

Fiat may have achieved a historic breakthrough in management-union relations with its victory over strikers last autumn, which led to its succeeding in laying off 23,000 workers.

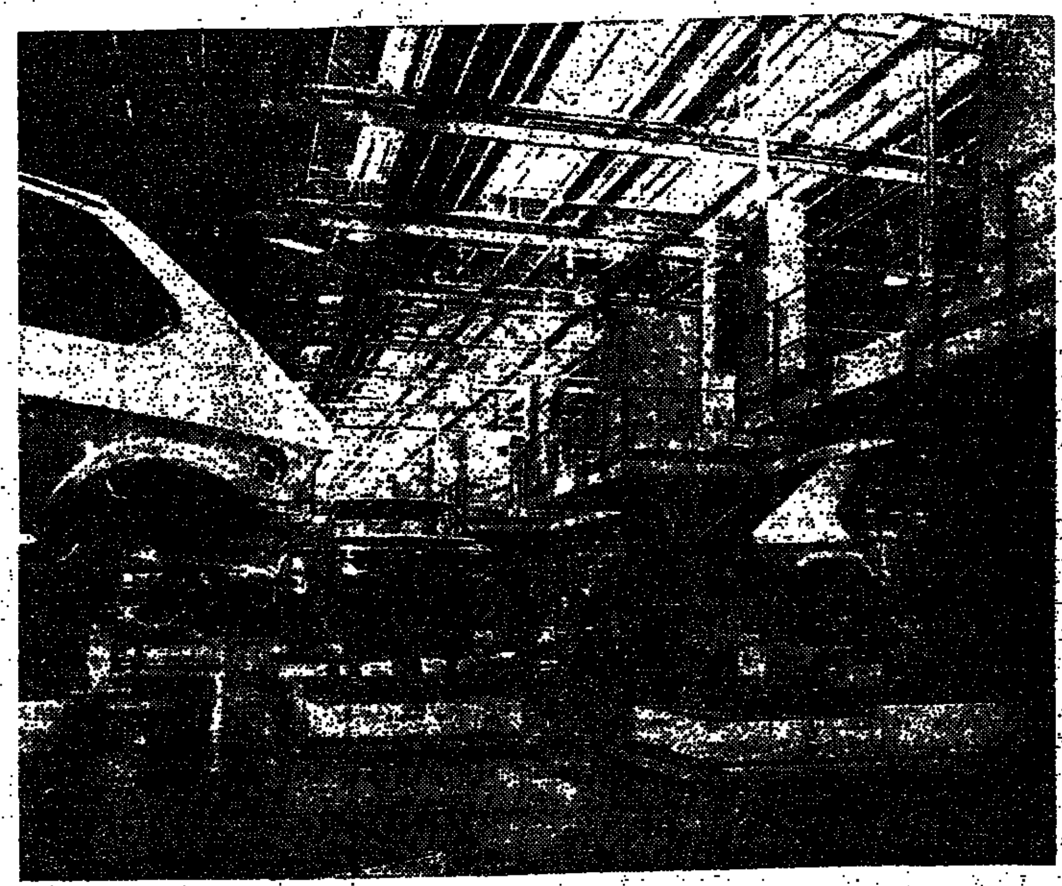
Montedison, for long a byword for political interference leading to padded payrolls, unwise investment decisions and losses, is putting its house in order and succeeded in securing the lay-off of 6,300 people earlier this year. The first three of these concerns are turning to the revived Italian Stock Exchange to increase their capital—an encouraging sign of confidence.

But these points of light have to be set against the colossal indebtedness of some State sector concerns, such as Italsider, where no worker has been fired in 10 years, or the State shipyards or the bloated State chemical industry.

The State sector's annual indebtedness was L26,617bn ($26.6bn) in 1979, and will probably turn out to have been even more in 1980.

The hope of many of those involved in industry is that the current economic difficulties the country is facing—which came to a head with the devaluation of the lira, in late March—will lead to a period of vigorous structural reform of industry, and removal of the factors impeding its growth.

Such a programme would have to include fierce cutbacks on Government current spending and reforms of labour legislation to permit more flexible work patterns. Large Companies would be allowed to shed unneeded labour more easily than now, having it redeployed through labour exchanges, rather than relying on the current expensive and inflexible system of Cassa Integrazione, under which the State pays most of a worker's wages while he is laid off, yet he remains on the payroll of his employer, who has to pay the rest.



Fiat's Rivalta plant. The company has repeatedly warned that it sees no sign of a general upturn in industry before next year

Yet the political climate and the current state of the trade union movement hardly lend themselves to a speedy passage of such measures, even though, in both *Government* and the Labour movement, there is realisation that changes must be made. It is also true that in a diffuse, dilatory way, with countless postponements and cliffhangers, schemes are being edged forward to restructure and strengthen some of the major industrial sectors.

Funds for State-subsidised research and development in the motor industry are near to being approved—filling an important need and reducing industrial costs. More importantly, in the chemical sector, Montedison and ENI are working out plans for rationalising chemical production with a proposed exchange of certain lines from one to the other. The bringing in of the U.S. company, Occidental, to take over some of ENI's chemical plants in a partnership with the Italian group, is an important step. And the steel industry is being sorted out, at least on a temporary basis and in the face of EEC opposition.

The ending of a long hiatus over refinancing the SIP telecommunications utility should clear the way, at long last, to a flow of new orders for telecommunications equipment, which with some restructuring could lay the basis for a stronger telecommunications supply industry.

Obsession

But in other fields of advanced technology, including production and development of the microchip, relatively little is being done to achieve a strong and rational structure of the number of small companies which are involved in it. The search goes on for foreign partners whose interests would mesh in with those of Italian concerns. But the over-riding impression is that Italy is obsessed with its existing industries, not with possible new ones.

It may be that the great hope for Italian industry lies not in the large-scale concerns which have inevitably dominated this article, but in the small companies which make up what has come to be called "the submerged economy" of Italy. Small companies, employing between 200 and 500 people, not only suffer far less from labour restrictions and the imposition of State social security charges and taxation, but are led by remarkably dynamic entrepreneurs who are highly agile in foreign markets as well as at home. Such concerns fit the Italian character better than the big ones.

Often they rely on a network of outworkers whose costs are minimal and who can temporarily go out of production when business turns down.

Encouragingly, such small companies are beginning to cluster into consortia which could become a pattern for Italian industry to follow in the future.

The problem is less the question of how far the submerged sector can actually go, but rather the fact that the rest of the economy may still be burdened with an inefficient State and large companies for years to come.

Under attack from all sides

TRADE UNIONS

RUPERT CORNWELL

ITALY'S OFFICIAL trade union movement is facing greater difficulties than at any time in the past decade. The three union federations, made up of the communist-dominated CGIL, the Catholic-inspired CISL, and the UIL, which looks towards the lay parties of the centre, are under fire from all sides.

Their own unity, arduously worked out in the early years of the 1970s, looks more precarious than ever. Examples abound of how they have lost touch with their shopfloor rank-and-file, a defect reflected in the growing questioning of the unions' own internal decision-making process, and the rapid recent growth of the so-called "autonomous" or independent unions. Now, most lately, even the political parties seem to be increasing the confusion.

In a speech in which the exact motives are unclear, but whose disruptive consequences have become evident, Sig. Enrico Berlinguer has suggested that the careful methods by which jobs in the central federation are allotted equally between CISL, CGIL and UIL should be looked at anew. Was it right, Sig. Berlinguer asked in essence, that UIL should be as strongly represented as the CGIL, three times its size, as measured by membership?

His suggestion has been half-disowned, in much embarrassment, by Sig. Luciano Lama, leader of the CGIL. But it reflects the divisions over strategy which have sprung up between party and union, and can only have increased the disorientation of the CGIL's ordinary workers. To whom should they look for guidance—the union to which they belong, or the party which they most often vote for?

Underlying all this is the tangible sensation that the tide of Italian affairs is no longer running the way of the union movement. The pendulum almost certainly is swinging back towards employers and management, and a new-found appreciation of the market economy and the virtues of capitalism, subjects for many years unfashionable in Italy. But none of this can be properly understood outside the context of political developments in the country since the late 1960s.

It was the celebrated "hot autumn" of 1969 which transformed the union movement into a genuine power in the land. That wave of strikes was, above all, to support demands for fairer distribution of the benefit of the enormous economic expansion enjoyed during the boom years from the mid-1950s. Out of them emerged a stronger, more cohesive union movement.

Thousands of public transport drivers from all over Italy march through the streets of Rome during the third 24-hour strike in three weeks. The transport workers are demanding more money, claiming that inflation has bitten deeply into their salaries

Weakness

Its ascent was matched by the growing — and evermore apparent — weakness of the country's politicians. The Centre-Left formula by then had clearly failed to bring about the social changes for which it was intended. Given that the Communist Party, whose strength was steadily growing, was disqualified from entry into Government, much of the task of securing social development passed by default to the unions.

Throughout the past decade, changes in social (and, frequently, economic) policy would emerge from sessions of union leaders with the government of the day, rather than around the Cabinet table. Events in Italy had not a little in common with those in the UK under Labour between 1974 and 1979, when the door of 10, Downing Street was ever-open to the TUC. But the Italian unions today are learning, to their cost, the gradual but perilous damage inflicted on their power in the country at large.

To a certain extent, that power was less than it might have appeared when the unions were winning sweeping concessions in terms of jobs and pay protection—the latter symbolised, of course, by the Scala Mobile system of wage indexation to consumer prices.

Despite a consensus that the mechanism is one of the main reasons for Italy's chronic inflation, it has survived all attempts to modify it. Indeed, the greater the erosion of the official unions' position, the greater their determination to hang on to the "Scala Mobile."

However, Italian industry is only 40 to 45 per cent unionised. The "big three" of the CGIL, CISL and UIL are strong in the large companies, and in the State sector. But these are the problem areas of the economy, and the dynamism and success of Italy's small and medium-sized companies in part reflects the fact that organised unions, with the brakes they impose on job mobility and flexibility within the factory, are weak there.

In all, the CGIL, by far the largest has an estimated 4.9m members, the CISL 3m, and the UIL 1.3m. The total national work force is in excess of 20m. Inevitably, considerable opportunity was left for the independents, and this they have exploited. Today, the largest of the "eutonomous" unions, the CISAL (strong in the public sector and among civil servants) claims more than a million adherents.

But the independents could never have flourished as they have without the loss of understanding between the politicised union leadership and the ordinary aspirations of the rank-and-file. As the unions concentrated on social gains (shorter hours, welfare, job-sharing and so on), the men wanted, above all, higher wages. This was doubly true in that an unreformed tax system and rampant "fiscal drag" were wiping out even the advantages of the "Scala Mobile."

Now, belatedly, the unions are changing their line. They have stiffened their insistence on salary gains, even though this risks bringing them onto a collision course with industry and employers—whose own confidence is enhanced by the perception that events are moving their way. But the independent unions already have attracted great support—as evidenced by the strikes which this year have frequently paralysed the public transport in Italy, and disrupted hospitals and other key public services.

The authority of the official unions' response has, moreover, been weakened by setbacks on other fronts. The most notable, of course, was the month-long strike at Fiat, the country's largest private employers, last autumn, in protest at the company's plans to lay off 23,000 workers to meet the slump in world car markets, and achieve essential increase in productivity. In mid-October, the strike collapsed.

The unions were shown to have slipped into a no-man's-land, between the vast majority who were tired of the strike and the lost pay, and the militants who wanted to bring Fiat to its knees, whatever the cost. Sig. Pierre Carniti, secretary of the CISL, was pelted with stones as he left a meeting which had been called to expain the unions' barely-disguised climb-down.

Unanswerable

Where Fiat stepped in, other companies have followed, most notably Montedison, the chemical concern, which is shedding some 8,000 men. In every case, the argument is the same—and unanswerable—that industry simply has to roll back some of the concessions made after 1969 if it is to remain competitive today.

Against this background, the "big three" are trying to reassert their authority: even if that means calling additional strikes of their own (especially in the transport sector) to prove that they command greater support than their independent rivals.

Unsurprisingly, the result has been a new surge of demands for politicians and public for measures to limit strikes, at least in essential services. The union leaders have accepted for some while that something along these lines should be done, but thus far have proved unable to deliver any informal "code of conduct" of their own. Moreover, beyond the angry rhetoric, it is hard to see what a divided Italian Parliament will be able to do to resolve the problem.

But there is another reason too, for the *impasse*. The independent unions are believed to be pressing their disruption of public services deliberately to force some form of strike regulation. Any such agreement would obviously have to embrace the *autonomi* as well—and thus confer upon them a recognised status equal to that of the official unions—the last thing, of course, that the "big three" want to see. In these confused circumstances the malaise of the official union movement seems bound to continue for some while yet.

Urgent projects are delayed by political bickering

ENERGY POLICY

JAMES BUXTON

ITALY CAME face to face with its own energy crunch at the beginning of this year. A combination of exceptionally cold weather, strikes and other difficulties tipped the delicate balance of electricity supply and demand into deficit and for about 10 days there were power cuts all over the country.

But the officials at ENEL, the state electricity authority, were secretly delighted. For them it was the most telling way of emphasising what they have been saying all along—that at the present rate of progress in building new (including nuclear) power stations, Italy's electricity supply could fall 30 per cent short of demand by 1991, with grave consequences for the economy and possibly for Italian democracy.

Only one major new power station of any kind has been started since 1975 and work on that, a nuclear station at Montalto di Castro, north of Rome, was held up by the local mayor soon after it began. Work only recommenced at the turn of this year.

The authorities have a fine energy plan for doubling electricity generating capacity by 1991 and reducing dependence on oil, but the plan's implementation is held up by the obstruction and bickering of Italy's politicians at every level. Italy's energy crisis is arguably the most crushing indictment possible of the Italian political system—a system in which strong executive power doesn't exist.

The background to Italy's energy crisis is the problem that the country has almost no energy raw materials of its own. It has tiny oil reserves (100m tonnes) though it is looking for more; modest gas reserves (200m tonnes oil equivalent); and about the same amount of coal, though in low-quality, expensive-to-work deposits. Italy is dependent on imported oil for nearly 70 per cent of its total energy needs, compared with 44 per cent for other industrial countries. Last year the oil import bill of L16bn amounted to 85 per cent of the trade deficit.

The delays in starting and finishing new power plants have produced a bottleneck which should be broken within the next year and a half. But there will be a far worse electricity shortage, assuming even modest rates of economic growth, by the end of the decade if a start is not made now on constructing new power stations. They are intended to hold down the country's consumption of oil for making electricity — the proportion of which will actually rise in the immediate future with the completion of the current generation of plant.

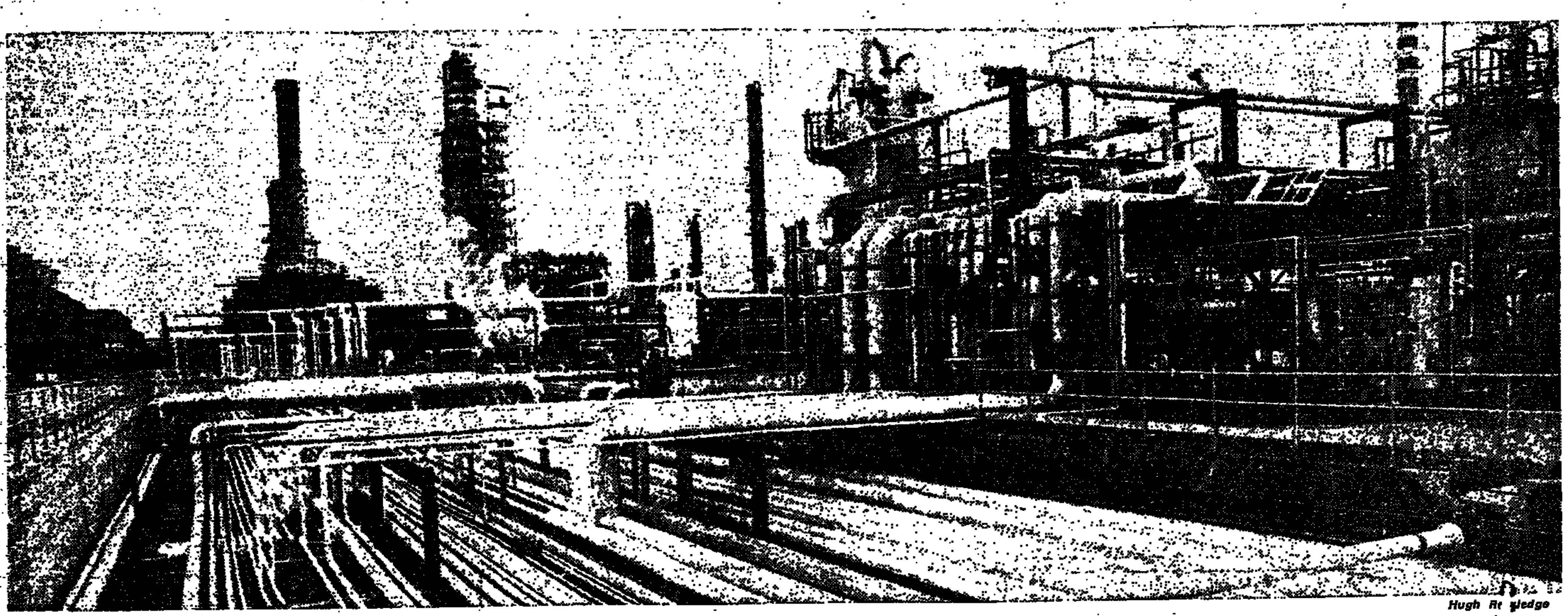
Capacity

Italy's power generating capacity in 1979 was about 38,000 MW and plant to provide a further 17,000 MW is either under construction or has been authorised. While some 5,000 MW of that consists of hydro-electric power stations, more than 8,000 MW is oil-fired thermal capacity, and the planned nuclear capacity of 2,748 MW includes the Montalto di Castro power station, which is not expected to be operating before 1985, and the 400 MW which ENEL, the electricity authority, has arranged to acquire from the Creys Malville nuclear plant in France. With the completion of Montalto di Castro, Italy will still have only five nuclear power stations.

While that programme goes on, Italy regularly has to import electricity at high cost from its neighbours by the international grid system, with France, Switzerland, Austria and Yugoslavia the main suppliers. Switzerland recommissioned a disused uneconomic 300 MW plant to provide Italy with electricity.

Even with imports, supply and demand were so tight at the beginning of this year that exceptionally cold weather, especially in the south where people keep electric stoves in reserve rather than the oil fired heating, put severe strain on the electricity supply, which was anyway weakened by strikes and by the fact that rough seas had prevented the unloading of fuel at a number of coastal power stations.

The scare served to focus attention on the longer-term problem—the 30 per cent electricity gap forecast by Enel for 1990/1991 if a start is not made on the new energy programme. The new programme, announced at the end of 1979, envisages adding a further 32,000MW to the generating capacity, bringing it up to a total of more than 87,000MW. Of this 18,000MW would be coal-fired thermal units, there would be a number of hydro-electric geothermal and gas turbine plants, and the rest would consist, more controversially, of 10,000MW of nuclear power plant, in five stations each consisting of two 1,000 MW units.



The ENI Po oil refinery at Sannazzaro de Burgondi in the Province of Pavia in Northern Italy — Hugh Routledge

The power cuts at the beginning of this year forced the politicians and the public to recognise the fact that this plan, with its side objective of holding steady Italy's oil consumption, has so far got nowhere, no power stations in the plan have been authorised in more than a year.

The basic reason is that Italian governments, apart from having relatively short lives, do not have sweeping executive power in matters like this. Agreement on siting of power stations has to be agreed with regional and provincial governments, and in the case of the nuclear power stations, also with the commune or local council of the place in which it is going to be constructed.

This gives an ideal opportunity for opponents of new power stations to block them, whether they are nuclear plants or not. Ecologists and the anti-nuclear lobby, which is very strong in Italy, join forces and some of the political parties, including the Socialist Party, because of an electoral pact it had in 1980 with the strongly anti-nuclear Radical Party, have taken up anti-nuclear stances. The hold-up at Montalto di Castro was at the behest of the commune which used one pretext after another to delay the project, until work finally was resumed at the end of last year.

Nuclear power

The electricity crisis at the beginning of this year has at least temporarily weakened the anti-nuclear lobby. The Socialist Party leader, Sig. Bettino Craxi, has declared himself more sympathetic to nuclear power stations and the proposal by the radicals for a referendum on the subject was not upheld by the courts. From the beginning of this year Italy has had a new Minister of Industry, Sig. Filippo Maria Pandolfi, who was an internationally respected figure as Treasury Minister in the governments of Sig. Francesco Cossiga, and has given top priority to the energy programme.

He has capitalised on the public mood, whipped up by articles in the Press drawing attention to the cheapness of electricity produced by nuclear power—L20 per KWH (0.088p) and L26.67 per KWH (0.096p) from coal compared with L47.4 per KWH from oil—and the fact that Italy's neighbours are already well advanced with nuclear energy — notably France, 34 per cent of whose electricity is produced by nuclear power (against 2.5 per cent in Italy).

Sig. Pandolfi has been visiting Italy's existing nuclear plants, the site of Montalto di Castro and a number of potential sites. He achieved his first victory in mid-March with the signing of an agreement with the regional government in Apulia which should lead to the construction of a nuclear power station there, though on a site yet to be finally selected.

Agreements with other regions are expected to follow shortly, for Sig. Pandolfi appears determined to push ahead with the programme, both for nuclear and conventional power stations, declaring himself fed up with "useless plans on paper." A new version of the energy plan has been drawn up and is shortly to be discussed by the Cabinet before being put to parliament.

How well the new initiative goes depends on a number of complex and unpredictable political factors, for several related pieces of energy legislation are held up at various stages in the legislature.

Italy's nuclear industry is in a relatively strong position to handle the construction of a new series of power stations. Last year an agreement was signed between the state-controlled engineering group, Finmeccanica, and Fiat, which gives Finmeccanica leadership in the nuclear sector.

Through its subsidiary Ansaldo Meccanico Nucleare it already holds the Italian licence from General Electric for boiling water reactors, while Fiat has the licence from Westinghouse for pressurised water reactors. It appears likely that the new plant will be divided between the two reactor systems.

The frailty of Italy's oil supplies—it requires about 100m tonnes a year—was emphasised at the end of 1979 by the cancellation by Saudi Arabia of a highly advantageous deal by which Italy acquired 12m tonnes of crude direct from Petromin, the Saudi State oil concern. The deal was called off because of alleged commissions paid in connection with it, and though relations with Saudi Arabia have now been restored, with a visit to Rome by the Saudi Foreign Minister at the end of last year, such a large oil supply contract has not been restored.

Italy has however obtained increased supplies on a state to state basis from Venezuela and Nigeria, even though it is suffering the reduction in supplies of Iraqi crude, as a result of the production difficulties caused by the Iran-Iraq war. This year the Soviet Union has given notice of a cut of between 20 and 25 per cent in its sales to Italy, which amounted to 5.2m tonnes in 1980, owing to "technical difficulties" in oil production.

But Italy is interested in obtaining gas from the Yamal field in Siberia as part of the plan to pipe gas to West Germany and on into other European countries. It wants to obtain 7-8bn cubic metres a year. Meanwhile, gas should start flowing from Algeria through the new trans-Mediterranean pipeline to Sicily and the Italian mainland, now nearing completion. Within four years supply is expected to reach 12.36bn cubic metres.

ENERGY STATISTICS

(Figures in 000 tonnes)

	Jan.-Nov. '80	Jan.-Nov. '79	% change
Crude oil and feedstock:			
Production	1,618	1,659	− 2.5
Imports	85,559	105,537	− 18.9
Hard coal:			
Production	—	—	
Imports, EEC	2,308	1,832	+ 26.0
Other countries	12,416	10,310	+ 20.4
Electricity (kWh m) ...	169,452	164,925	+ 2.7

Source: Statistical Office of the European Community

Significant expansion in arms manufacturing

WITH A lack of fanfare which suits the nature of the trade, Italy has suddenly emerged as one of the world's leading arms manufacturers. The inevitable reluctance of many of the main participants to give details makes a precise assessment very hard, but of the sector's importance to the country's foreign trade account, and its key role in providing employment, there is little room for doubt.

The most recent official figures were given by Sig. Lelio Lagorio, the Defence Minister. He told Parliament last month that the industry's turnover was running at L4,000bn ($4bn)—against L1,500bn in 1976—and kept 100,000 people in work.

Italy, he claimed, was the world's fifth biggest exporter of arms, with 3 per cent of the global market—after the U.S. (45 per cent); the Soviet Union (24 per cent); France (10 per cent) and Britain (5 per cent), but ahead of such nations as West Germany and Israel, and other East Bloc countries.

Unofficial estimates tend to be less modest, putting the total output at anything up to L5,000bn ($5bn), with exports accounting for up to half the total. It is reckoned that between 100 and 150 companies are involved. They are to be found in public and private sectors alike.

Fiat traditionally draws a veil of secrecy over the arms activities of its industrial vehicles division. Smaller companies, such as the Varese-based aerospace concern, Aermacchi, has always leaned heavily on exporters to provide markets for its MB-326 and MB-339 jet trainers, while Beretta and other small arms manufacturers are one of the main sources of employment in the valleys that stretch up into the Alps, north of Brescia. But the larger share almost certainly comes from the public sector, and the IRI and EFIM state-owned conglomerates, in particular.

IRI's shipbuilding subsidiary, Cantieri Navali Riuniti is responsible for the country's largest single arms order, the $1.5bn contract to supply Iraq with a small navy, centred around the Lupo-class frigate, one of the most successful items in the shop-window of Italian arms. The electronics concern, Selenia, another IRI offshoot, is among world leaders in radar systems.

Two of Italy's other biggest arms suppliers are controlled by EFIM. The Agusta helicopter and aerospace concern supplies not only the requirements of the Italian armed forces, but also those of several foreign countries, including Egypt and—best-known of all—Iran. To the anger of Teheran, embroiled in the war with Iraq, deliveries of the last of a batch of Chinook helicopters, made under licence from Bell of the U.S. were held up, along with spare parts, by a partial veto from Washington. Another EFIM-controlled company, the La Spezia-based Oto Melara is a leading producer of naval weapons systems, and manufactures, under licence, the West German Leopard tank.

The arms produced go almost anywhere—indeed, the lack of Government control over Italy's arms manufacturers is one of the aspects of the trade most strongly criticised inside and outside the country. Major customers are to be found throughout Latin America, in the Middle and Far East, and Africa (including South Africa).

The best customer of all, though, is just across the Mediterranean — Colonel Gheddafi's Libya. The case of Libya illustrates how arms trading becomes enmeshed with politics, and is probably one of the main reasons why Italy has managed its current delicate balancing act over relations with Tripoli without mishap, so far. The response of the industry to accusations that Italy is behaving irresponsibly in exporting arms so freely is the standard one: "If we don't sell them, someone else will."

That Government scrutiny of the trade is so lax is hardly surprising, given the shortcomings of Italy's public administration. While the armed forces are, for their part, being increasingly used as a showcase of Italian equipment for foreign visitors, foreign policy ambiguities are reflected in arms sales ambiguities.

But the recent boom masks other disquieting factors, most notably the reliance on foreign (mainly U.S.) licences for some weapons systems. This has at least twice allowed a foreign government (Washington) to step in with effective vetoes where Rome did not. The Iran helicopters episode is one. The delays in agreement on the sale to Iraq of vessels (powered by U.S.-licensed engines) was another.

RUPERT CORNWELL

Rigidity discourages investors

BANKING

IAN MACKLIN

ITALY'S BANKING system, arcane, archaic and rigidly ordered by the Bank of Italy, is being increasingly cold-shouldered by savers and private investors who are seeking a hedge against inflation.

Bank deposit growth slowed to a 12 per cent average annual rate last year, well below the 20 per cent rates of inflation and credit expansion, while the volume of Treasury bills held by the public rose dramatically and the Milan stock market enjoyed its biggest boom since the early 1970s.

In the first two months of this year the stock market's main indicators showed a further 30 per cent rise, continuing the rally which started in September and took the market more than 100 per cent higher last year. Meanwhile, central bank figures show that private investors now hold 40 per cent of the near-L80 trillion (million million) of Treasury bills in circulation, equalling the share held by the commercial banking system (the remainder being held by the Bank of Italy).

Bankers say they find the trend disturbing. But they argue that the Bank of Italy has bound them hand and foot with credit ceilings and compulsory reserve requirements, so that they can no longer compete for funds.

Positive return

Stockbrokers, making the same point from the other end, argue that their market offers savers the only available route to a real, positive, return on capital. Even Treasury bills, now yielding between 17 and 19 per cent on three to 12-month maturities, offer a negative real return, according to Sig. Giorgio Aloisio de Gaspari, chairman of the Milan stock market.

The stockbrokers, understandably, do not go out of their way to stress the risks of investing in a market which, fundamentally, has changed little since the days when it was Sig. Michele Sindona's happy hunting ground.

Low capitalisation and tightly-held controlling interests render second line issues volatile and open to manipulation. Although daily turnover has risen strongly in the past six months, and stock availability has been increased by a series of rights issues from blue chips companies, even the steadiest shares including the majority State-controlled banks may give their passengers a skittish ride. Fiat, for example, fell 20 per cent in two days when "institutional support" was briefly withdrawn at the start of its recent capital increase.

A newly-appointed National Bourse Commission has pledged to work for reforms. But, for the time being, the investor who sails these turbulent waters must still navigate with little help from chart or compass.

Company annual meetings are normally closed to the Press. Disclosures by most companies are minimal, and frequently unintelligible. The few figures which are released are seldom fully explained or comparable with those for previous years. Accounting conventions vary widely from company to company and government officials say that Italy lacks 40 per cent of the auditors it would need to develop adequate auditing practices.

Such quirks, disconcerting to the outsider, may be less inhibiting to the insider in a country where the desire for financial privacy is so deep-rooted that the State Electricity Corporation, ENEL, recently reported it was supplying power to 50 per cent more houses than officially existed.

As for the bankers, they are perhaps not entirely the victims of inflationary circumstance and Central banking regulations. Tight monetary policies and the need to service the L40tn annual domestic public sector borrowing requirement have admittedly pushed Treasury paper to unprecedented post-war yields. Bankers argue plausibly enough that if they raised their deposit rates by a similar amount the cost, passed on in higher lending rates, would trigger a wave of failures among industrial companies already over-burdened by short-term interest charges.

But the apparent strength of the argument is reduced by the recent history of prime and deposit rates. Since October last year, the Italian Banking Association (ABI) has raised its recommended prime rate by three percentage points without any change in recommended deposit rates.

In the past 18 months the recommended prime has risen six percentage points to its present historic high of 22.5 per cent, against a 0.75 per cent rise in recommended deposit rates to a maximum 11.5 per cent for large savings accounts of more than L100m.

Bankers defend themselves against the charge of profiteering by pointing out that Italian banks, unlike English ones, pay a significant interest rate on current accounts, that their borrowing costs are heavily increased by the Bank of Italy's 15.75 per cent compulsory reserve requirement (on which the Central Bank pays only 5 per cent interest) that the reserve requirement has been raised even higher, to 20 per cent, on deposit growth since March, as part of the recent lira devaluation package; and that, in any case, the recommended deposit rates are openly conceded to be out of date and are widely ignored — as indeed is the recommended prime.

Commitments

All this may be true. And it may also be true that the banks have been obliged to take on commitments to support operations for strategic industries that would be difficult to justify in purely commercial terms. Moreover, bad debt is said by some bankers to be becoming an increasingly worrying problem as the recession bites deeper.

But critics of the system say that too little effort has been made to narrow the spread between borrowing and lending rates through increased operating efficiency.

Banks, they say, tend to be over-manned, over-complex in their day-to-day paperwork, uncompetitive and conservative in the service they offer and sometimes unprofessional, to say the least, in loan policies (the affair of the funds advanced by the Italcasse Central Savings Institute to the bankrupted Caltagirone family of Rome builders is one example which comes to mind).

Few incentives

Bankers admit that their system is not the most efficient in the world, but also point out that they have few incentives to be more competitive. The Government's incapacity to control public sector spending has, moreover, placed the whole burden of economic management on money and credit control and the financial market, they say.

In particular, the credit ceilings imposed on each bank have blunted their competitive spirit by freezing them into existing market shares. The incentive to competitive innovation is blunted by the Bank of Italy's protective approach to the authorisation of foreign bank branches, while competition between banks for deposits and clients is limited by the Central Bank's similarly cautious and restrictive approach to take-overs, rationalisation and expansion of branch networks.

The country continues to be serviced by more than 1,000 banks, many of them dating back to, and some scarcely developed beyond, the days of the city-state. At the same time, the periphery of major cities, such as Rome, is scattered with newly-developed popular housing estates deprived of any banking services by a two-year Central Bank freeze on new branch permits.

Fortunately, none of these problems seem to have seriously weakened the profitability of the industry, and leading banks continue to be among the most sought-after issues on the Bourse: partly in recognition of their enormous, and conservatively valued, property assets which investors respect as a hedge against inflation.

Governor of the Bank of Italy

In the 17 months since Dr. Carlo Ciampi, above, took over as Governor of the Bank of Italy, he has pressed behind the scenes for progress to iron-out the legal disparities between the public and private sector bankers, and encouraged the growth of a more sophisticated domestic money market — in particular, by the development of Treasury Bill repurchase agreements with commercial banks.

Dr. Ciampi took over as Governor in September, 1979, at one of the most difficult moments in the history of the Central Bank.

Dr. Ciampi, who is widely respected in international banking circles, has a strong grasp of the macro-economic forces in Italy, as well as the more technical aspects of central banking. He joined the Bank of Italy in 1946 at the age of 26 and has stayed there ever since.

State aid to prop up ailing industry

STEEL INDUSTRY

HUGH KELLETT

ONLY ONE word could describe the Italian steel industry—disastrous. With the last year being one of the worst in the past decade, the industry—basically, through State steel company, Finsider — has requested massive Government aid to stave-off complete collapse. The size of the proposed aid package—$6bn—only gives the slightest indication of the troubles that go deep into the heart of the industry.

Furthermore, whatever solutions are found must be consistent with general EEC steel policy. As the Italian steel producers found out when the Government delayed implementation of the aid package, even the granting of money is not so simple when caught in the currents of Community economic politics.

The industry is dominated by the State company, Finsider, which produced 54 per cent of 1980's 24.3m tonnes of steel. Finsider has been in an unprecedented state of crisis because of poor management, high debt servicing costs and the generally weak world-wide steel market. The situation had deteriorated so much since the EEC's declaration of "manifest crisis" of November that, by January, the banks refused to grant Finsider further credit until a Government aid package went into effect. To counter this, the company cut salaries by 30 per cent at its Italsider, Dalmine, Breda, Cogne and Piombino plants, in February.

The $6bn steel industry aid package, approved in outline after bitter inter-ministerial debate, has yet to go into effect partly because of continuing opposition from other community producers, most noticeably West Germany. As a reaction to the deadlock, Italy's powerful trade unions have called for industrial action.

Shocking

Finsider's financial health is weak, to say the least. Last year started well, but ended with a shocking final quarter. Losses rose to more than $800m on a turnover of $3.8bn. Losses for Finsider have risen from $42m in 1978 and $460m in 1979.

Debt, and the subsequent interest servicing charges, have risen to astronomical levels. At the end of 1980, Finsider was roughly $8.5bn in debt, with almost $4bn in debts attributable to the main operating unit, Italsider.

Servicing this debt remained at a level over 15 per cent of the total turnover—a percentge that has remained more or less constant the past three years.

Italsider alone needs $1.25bn in interest-free loans to reduce service charges to 5 per cent of turnover. The Government aid plan includes at least $5bn to Finsider, with half of it in interest-free loans.

Yet the present market for steel does not bode well for the State company's recovery. In the last half of 1980, Finsider's prices fell 12 per cent, compared to the European average of 10 per cent. While production was down 5 per cent for the second half of 1980, total company production was up 4 per cent over 1979. At the same time, domestic demand declined 17 per cent in 1980.

The problems that plague Finsider are not unique to that company. It is the private producers who have been hit harder by the EEC cutback. In January, 1981 total Italian steel production fell by 5.2 per cent to 2.15m tonnes. While Finsider's production actually rose 6 per cent, the private sector companies production declined 22 per cent and the Brescia electric-arc furnace producers were down 12 per cent.

The smaller companies complained during the past months that they have been taking an unequal share of the burden. To some extent, their protests are justified.

Capacity

A basic problem for the entire industry has been capacity expansion at a time when the European market cannot absorb more. Despite the EEC's mandated cutbacks, Italian production grew at a rate second only to France. And 1980 was only part of the trend of a decade.

At the same time, Finsider, in particular, has been known for its low percentage of utilisation of productive capacity. In 1980, the company used only 6 per cent of capacity, partially because of close-downs due to plant modernisations. The Brescia producers used over 90 per cent of capacity in 1980, despite problems in assuring electrical supply.

However, total production figures explain little unless the distribution of products is examined. Italian producers have traditionally been weak in special steels and products. Almost half of the steel coils that are imported into the EEC come to Italy. Imports have been growing at an alarming rate in Italy and local producers were quite perturbed by the more than 1.4m tonne increase, registered in 1980. The 9.4m tonnes of imported steel, bought last year, has alarmed producers because domestic demand at the same time was rapidly softening.

Over-production, particularly by Finsider, coupled with domestic price-cutting to dump backlogs, has created a peculiar situation in Italy. Demand is soft, yet imports increase; productivity drops and the sector's main company loses millions, yet there is no overall national attempt to rationalise the sector while providing aid. Employment in the industry actually rose by 7 per cent last year.

For Finsider, and the Italian steel industry in general, the situation comes down to two questions: If Government aid is finally given, will the industry put itself on the road to financial health? And, secondly, will the EEC permit such a large-scale ballout in a sensitive industrial sector?

هكذا صدر الأصل

The footwear sector is in trouble

AS AN ITALIAN export sector, shoes must rank with wine and clothing as a traditional strength. But the footwear industry with its often high-quality products, is in trouble and only now have manufacturers begun to confront the problems.

Last year was generally gloomy for the country's footwear manufacturers. According to ANCI, their national association, the chief blows came not only in declining exports, but also in a rapidy expanding level of shoe imports.

Italy exported 285m pairs of shoes in 1980, down 14.8 per cent in volume, but up 1.3 per cent in value, chiefly due to an average product price increase of 19.1 per cent. At the same time, imports of footwear rose to an all-time high of 34m pairs, growing 43 per cent in volume, 56 per cent in value yet with a median price rise of only 8.7 per cent.

What frightened manufacturers the most, despite the interlude of a splendid year in 1979, was that the results of 1980 showed a continuing trend of decline. Production dropped to a level of slightly over 400m pairs, just 23 per cent over the level of a decade before, while exports fell to 282m pairs, an increase of *only 30 per cent over* the same period.

In the past decade internal sales grew slowly (12 per cent) yet imports bounded forward. Imported footwear sales grew from just 3.3m pairs in 1970 to 13.5m in 1977, leaped to 20m the next year and even in the boom of 1979 rose another 7.3m over the previous 12 months.

The import push into Italian *markets not only* saw competition from cheap manufacturers in Taiwan, China, South Korea, Brazil, Hong Kong and India, but also from speciality footwear makers based in the industrialised West. Manufacturers in West Germany and the U.S. have taken new interest in what had been considered an unprofitable sector.

Exports down

The two-way squeeze has also hurt Italy on the exporting side. ANCI commented that exports to West Germany (84m pairs) were down 18 per cent, to Austria (13.8m) down 8 per cent and the most drastic tumble was 52 per cent in the U.S. (41m).

The U.S. and West Germany have not only been defending their home markets more thoroughly but have been behind the import menace in Italy. Over a third of the shoes bought in 1980 came from abroad. While Third World nations have been providing the imports at the lower end of the market, Germany and the U.S. have *been doing booming business* in specialist footwear, particularly sportswear. Adidas, Nike and Spalding have all reported exceptional sales in the Italian market.

Why have the Italians been losing ground? First, on simple products, the rising cost of labour and diminishing productivity have priced Italian footwear out of many markets. For example, the *country can no longer be* assured of a large-scale export of such items as sandals.

At the other end of the spectrum, more sophisticated economies have been beating Italy by spotting trends more quickly — such as sporting wear — and reinvesting strongly in capital-intensive machinery, reducing overheads. Yet the most important reasons are to be found in the nature of the Italian footwear industry.

In 1979 Italy had 7,748 footwear companies, employing 138,800, by far the largest such industry among EEC countries. However, only nine companies employed more than 500 people and over 7,000 employed fewer than 50. The industry's fragmented nature, with many small, family-owned businesses, has often proved an advantage in the past, especially in meeting fashion trends, by providing flexibility and specialisation on even the smallest of scales. Yet the very diversity of so many small "workshop companies" has made medium and long-range planning awkward and handicapped the entire sector *in one vital field*—marketing.

"Now we have to learn how to sell," said an ANCI official. "The days when people would come to you to buy are long over." A recent ANCI survey concluded that the sector as a whole was working at half efficiency, rather than an acceptable 70 per cent, basically because general organisation and marketing were at *an all-time low.* Further emphasising the point, ANCI declared that Italy's footwear plants, machinery and finished products remained of high quality. Better marketing was the obvious answer.

The industry is facing the problem by encouraging marketing consortia and group ventures and by dividing speciality output informally. *ANCI has been providing* marketing information, statistical analysis and generally encouraging inter-company co-operation.

Sales network

Some companies have already achieved a measure of success in this fashion. Madra, a company in Belluno, in the Dolomites, has acquired a chain of shops in Italy and organised a sophisticated sales network throughout Western Europe to promote sales of its high-quality leather goods. There have been many other examples, but in the past they have tended to be the exception rather than the rule.

It is too soon to see concrete results from the industry's *new emphasis on marketing* and sales, but success is vital If the effort does not get sales moving again then Italy's dominance in footwear might simply become a thing of the past.

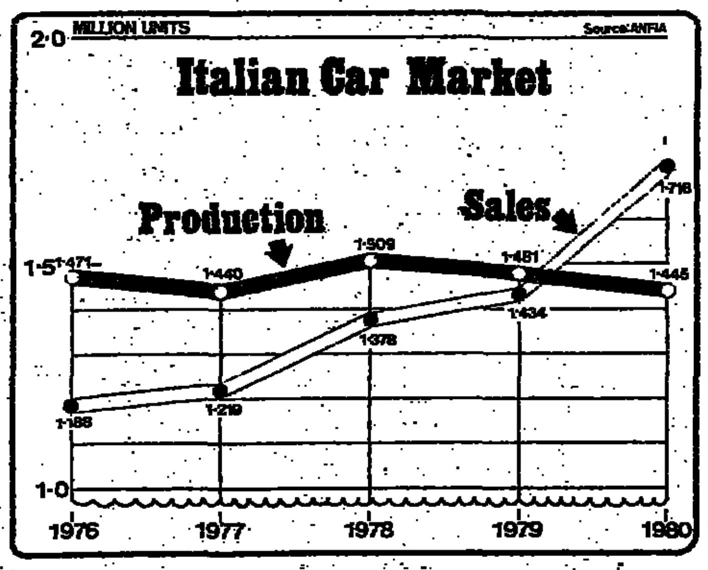
HUGH KELLETT

Striking Fiat car workers stage a demonstration in front of the Turin town hall. The protest was against a plan to dismiss more than 12,000 men at Fiat car plants, due to a drop in export sales

A return to profit forecast despite recurring problems

MOTOR INDUSTRY

IAN MACKLIN



PLAGUED BY labour troubles, tormented by will-o'-the-wisp promises of Government assistance, the Italian motor industry faces a future of few certainties, but not entirely sombre prospects—in short, business as usual.

Fiat and Alfa Romeo, first and second, respectively, in the production league, both reported 1980 operating losses from their car divisions. But both have forecast a medium-term return to profit, the former by 1982 and Alfa a couple of years later.

Fiat is in the happy position of being able to cushion its car losses with profits on diversified activities and financial asset management. The group, as in general, is likely to report a net profit of between L60bn and L80bn for 1980, officials recently predicted, enabling it to maintain its dividend payment, despite the current industry-wide recession.

Alfa Romeo, although lacking Fiat's financial strength, is fortunate enough to be owned by a State which has not yet discovered a way of saying that enough it (almost) enough.

Where British Leyland, for instance, has had to try, not very successfully, to cut its way out of trouble, Alfa has won State funding for additional production capacity in Southern Italy through which, at least in theory, it plans to find its road to salvation.

Aid pledged

For the industry in general, the Government has pledged substantial aid to refinance the burden of short-term debt, aggravated by the highest interest rates in the industrialised world, and to help pay for research and development.

The aid, first promised nearly a year ago, has not materialised yet. But a judicious stretching of the State's subsidised layoff fund *(Cassa Integrazione)* helped to bridge the gap between unions and management at Fiat last autumn, ending a bitter five-week strike against proposed mass redundancies, and enabling the company to shed some 23,000 jobs.

Although the immediate outlook for the industry is bleak, it could be a lot more bleaker. Export markets are still shrinking, with West European car sales in the first two months 14 per cent below year-earlier levels. But the Italian market has continued to grow, fuelled by chronic inflation and the failure of successive governments to implement nominally restrictive economic strategies.

Sales in the Italian market rose to 159,000 in February, 14 per cent more than in February last year. New registrations in the first two months were 7 per cent above year earlier levels, while for the whole of 1980 sales of about 1.7m vehicles were 18 per cent up on 1979, the strongest domestic market growth in any major car producing country.

Within that market, moreover, Italian producers have the inestimable benefit of almost total protection against Japanese competition. Imports from Japan are limited to about 2,000 cars a year.

Japanese cars took 0.06 per cent of the market in the first two months, out of a total 41 per cent market share taken by foreign manufacturers. Fiat, in comparison, achieved a 45 per cent domestic market share, and 52 per cent including its Lancia and Autobianchi subsidiaries.

A solid domestic position, of course, is not a sufficient base for prosperity, especially bearing in mind the relatively small size of the Italian market compared with the U.S., West Germany, or even France and Japan.

Fiat, which sells about half its output abroad, has repeatedly warned that it sees no sign of a general upturn in the industry before next year. This, and its first-hand experience of Japan's ruthless drive into other markets, goes a long way to explain Fiat's anguished resistance to the Alfa-Nissan joint manufacturing venture approved by the Government last year. Production is scheduled at 60,000 cars a year from 1983 onwards and Alfa Romeo executives regard it as the centre-piece of their strategy for a long-term return to profitability.

Worries

Fiat executives view the whole operation as a Trojan horse. The proposed production scale, they say, is too small to have even a remote chance of profitability. Unit production costs will in the end be cut, they believe, either by increasing volume to achieve economies of scale, or by increasing the Japanese content of the car from its original 20 per cent to offset the high cost of Italian labour. Either way, they see Alfa-Nissan as the thin end of a dangerous wedge.

Moreover, fears that it signalled the start of a new era of Japanese penetration were reinforced when Italy's third producer, Nuova Innocenti, announced its deal with Daihatsu in February to import 2,000 of Daihatsu's highly fuel-efficient three-cylinder engines a month to be fitted into a new small car under development by Innocenti.

For Innocenti, however, it is fair to say that the deal represents something quite different—future survival. The company, which assembles Leyland Minis under licence, at its plant near Milan, has slowly clawed its way back under the guidance of Argentine-born chairman Sig. Alesandro de Tomaso from the 1975 insolvency under previous Leyland management.

But negotiations between de Tomaso and Leyland over possible assembly of the new Metro have, not so far yielded any positive outcome, possibly reflecting Leylands preference for supplying the Italian market by export. The new Innocenti-Daihatsu model therefore represents Innocenti's future when production of the Mini finally comes to an end.

Nor can Fiat rationally raise any strong objection, since nationality of the partner excepted, it has chosen a somewhat similar route for its own survival. In collaboration with Peugeot of France it is developing a new high-technology engine to install in its new range of medium-size cars to be marketed in the mid-1980s.

Perhaps the single most serious problem facing the industry is its labour force. Although Fiat has reported a dramatic improvement in productivity and a sharp decline in sick leave following its October confrontation with the unions, Alfa Romeo continues to be plagued with almost pathological absenteeism at its Alfasud plant, near Naples—a major football match can bring the production lines almost to a standstill.

Shopfloor workers at Pomigliano d'Arco recently rejected a laboriously-negotiated agreement between their union leaders and management to the embarrassment of the unions and the fury of Alfa Romeo chairman, Sig. Ettore Massacesi. Union relations with de Tomaso of Innocenti are also strained. Output per man is chronically low throughout the industry, which makes it difficult for the Italians to compete on prices in foreign markets. Whether justly or not, the lira's six per cent devaluation in March was hailed in the Press as a victory for only one man, Sig. Giovanni Agnelli, the chairman of Fiat.

Plans for the chemical industry must solve its structural problems

WITH AGONISING slowness and, in the State sector, an almost total absence of detail, a plan is beginning to take shape for the revival of Italy's chemical industry.

The present recession in chemicals is nothing compared to the industry's structural problems, which consist mainly of overcapacity, inefficiency and lack of finance. In the 1970s, private and public sector groups expanded *almost wildly*, guided by political interests to build plants in poorer and unsuitable areas like Sicily and Sardinia.

When the chemical cycle turned decisively downwards in 1977, two private groups, Societa Italiana Resine (SIR) and Liquichimica, fell into deep trouble. Their bankers had to step in to take them over and control of the group's plants passed to ENI, the State energy group, which already owned ANIC, its chemical subsidiary. Since then, the two issues have been the future of the surplus plants, most of which have been operating, if at all, at a fraction of capacity and the question of the enormous accumulated debts of the groups, with which ENI has not wanted to saddle itself.

Meanwhile, Montedison, which is majority privately owned, though with substantial stakes held by ENI and IRI, the State industrial holding company, has been steadily trying to recover from the ravages of mismanagement and wrong-headed expansion under the *influence of the politicians* in the early part of the decade.

Debt problem

In the course of last year, SIR was officially put under the stewardship of ENI, which refused to take responsibility for its debts, put at about \$3.2bn at the end of 1980. The intention is that at the end of a 12-month period, SIR's plants would either be bought by ENI, sold to other companies *or closed*.

ENI is also seen as the only possible salvor of Liquichimica, which it is effectively running, but whose disposal awaits Parliamentary approval. *In the meantime*, the energy concerns' balance-sheet is weighed down by the poor results of its chemical operations and the need to finance them.

The most concrete step so far taken towards resolving the problems of the chemical industry is an outline agreement which ENI concluded with the U.S. group, Occidental, early in March. Under it, the two groups will jointly set up a holding company which will *manage chemical* plants in Italy and coal-mining activities in the U.S. The new concern will have capital of \$1.1bn, composed of equity and long-term loans provided by the two partners.

While the agreement, when implemented, will give ENI access to the coal of which Italy is in such need, it will also hand the responsibility for some of its chemical plants to the U.S. group, which is anxious to expand *into European chemicals*. It will retain part ownership of them, but management and marketing will be in the more aggressive hands of Americans.

The *agreement* will be finalised within six months, by which time it should be clearer which plants now under ENI's control will pass to the new holding company, which will probably be known as Enoxy. The attraction to Oxy of the former SIR plants is that, like much of Italy's chemical capacity, they are relatively new and economical to run—and there were the funds and the market to sustain them.

Prospects

This project can be seen as part of the Government's medium-term plan for the chemical industry which was hastily unveiled in February. It envisaged the loss of 14,000 jobs by 1983, as surplus staff both in overmanned plants and those that are not operating at all, are shed, and the injection of up to L3,000bn of new money into the whole sector, including *Montedison, which will* go towards modernising existing plant and building new ones. This could mean, according to the plan's promoter, Sig. Gianni de Michelis, Minister of State Shareholdings, that industry could start taking on new workers after 1983, possibly up to 20,000 by 1985.

The plan was rushed out at the height of a crisis over Montedison, which in mid-January this year took what by Italian standards was drastic action to raise productivity and seek further recovery by ordering the sacking of 9,000 of its 45,000 chemical workers. The final outcome of the dispute, which involved Government and unions, was that some 6,300 workers were put onto the system of State-subsidised lay-off and union concessions on early retirement and internal mobility were obtained.

The group has been fighting for its health since 1977 when it acquired a new chairman and began to distance itself from the internal politics of the Christian *Democrat Party*. It has shed many of its peripheral activities, undertaken financial restructuring and acquired a new shareholder. Now it is trying to attract new funds to enable it to move away *from its dependence* on old plants and traditional products.

So far, these ideas have yet to take concrete form, though the Government has agreed, in principle, to the transfer of its power stations to the State electricity concern, ENEL. The main part of its strategy is its desire to transfer some of its plants making basic chemicals to ENI's subsidiary, ANIC possibly in part-exchange for ANIC's small pharmaceutical operations. If that were to take place, ENI would have a preponderance of basic chemical production, while Montedison would retain the more profitable, predominantly fine chemical operations.

Yet in the confused politics of ENI and of the ruling coalition it is far from clear whether the way will be clear for such an apparently neat solution. The Italian chemical industry, *which had a slightly* increased trade deficit of L2,589bn in 1980, is still in a state of uncertainty.

JAMES BUXTON

The CAP's cold comfort for farmers

AGRICULTURE

JAMES BUXTON

Farm workers drive their tractors in the shadow of Rome's Colosseum in protest against the Common Market's agricultural policies—the proposed farm prices for 1981 will still leave them worse off than they were last year

ITALY was embroiled last month in the time-honoured annual wrangle at Brussels over the coming year's farm prices and quotas. But the unusually tough attitude taken by Signor Giuseppe Bartolomei, the Agriculture Minister, spurred by angry demonstrations by farmers, reflects a gradual realisation that the Common Agricultural Policy, of which Italy has traditionally been a strong supporter, is no longer benefiting it as much as it used to.

Italy liked the CAP because it has many farmers—2.8m of them, operating about 3m plots and making up just under 15 per cent of the working population. Thus even though the number of farmers and people employed on the land has declined sharply since the Second World War (about 8m people were on the land in 1950) the farmers still make up a substantial political block, as well as contributing between 7 and 8 per cent of Gross Domestic Product. The CAP, which is intended among other things to keep farm incomes relatively high, would thus appear to be well suited to Italy.

The other side of the coin is that Italian holdings are small—one third of them cover less than one hectare—and Italy's rugged terrain, only 23 per cent of it officially classified as lowland, does not make for productive farming.

There are efficient farms in the Po Valley and other parts of the north, producing northern-type products like cereals, sugar beet and eggs, which benefit from high EEC prices. But other areas produce mainly Mediterranean products—wine, olive oil and horticultural goods—not always very efficiently. So Italy has to import food—it is only 80 per cent self sufficient—at high EEC prices.

Despite special EEC regimes for its Mediterranean products, there is little sign of the CAP substantially lifting rural incomes in the poorer areas, which is what Italy would like it to do.

The immediate problem is that the average increase in farm prices proposed by the EEC for the coming year will still leave Italian farmers worse off than they were in 1980. Though farm prices for Italy in general may rise by about 14-15 per cent, taking into account the effect of the recent devaluation of the lire on monetary compensation amounts, that has to be set against inflation of more than 20 per cent. Output in 1980 rose by between 2 per cent and 3 per cent, and the number of farmers declined by about 3 per cent, but that still leaves farmers about 5 per cent worse off than in 1980.

Italian farmers are also angry about the proposals for "co-responsibility" under which farmers would help pay for the CAP on products like olive oil, milk and cereals—even though Italy is not self-sufficient in them. Hence Italy's fight for higher farm prices and bigger sugar quotas in Brussels under its aggressive Agriculture Minister, who is also a senior figure in the long ruling Christian Democrat party.

Since Italy's official attitude to the EEC is that it must bring "convergence" — raising the poorer areas to the level of the richer—it has never worried unduly about the cost of the CAP to the European taxpayer (including the Italian). Nor does it believe that the official limit of the cost of the CAP to 1 per cent of the revenue from VAT should be sacrosanct.

Incomes

It is much more anxious that the EEC should contribute more money to raise the incomes of the poorer farmers through the CAP. Italy sees that the rich parts of the EEC—such as the Paris Basin and Lower Saxony—enjoy farm incomes up to seven times as great as those of the poorer areas of the community, which include Umbria, Molise and Basilicate in Italy (as well as the West of Ireland).

There are various possible answers to this. One is that the CAP should simply remain an agricultural policy concentrating on helping the successful farmers and that the EEC Regional Policy should be used to supplement the incomes of those living and farming in the poorer areas, to make it possible for them to continue in production even at inefficient operating levels. But with the EEC budget for dairy products alone six times higher than the EEC Regional Fund, there is little prospect of a radical change in favour of the Regional Policy at present.

A second answer is that farmers in the poorer areas, which are barely suitable for viable farming, should go out of production altogether, abandon the land and move into the cities. This is what has been happening for the past 30 years in Italy and its effects can be seen in such things as the number of abandoned farmsteads for sale to people from the towns or from abroad, and in more serious side effects such as landslides, soil erosion and neglect of scarce water resources. There has even been a greater spread of poisonous snakes.

The process is continuing, though at a rate hard to quantify because the dividing line between farmer and urban dweller is not very distinct. This is because many people who work on farms also live in small towns and have second jobs and occupations.

But in practice any marked acceleration of the drift from the land is politically unacceptable because there are simply not the urban jobs available to absorb displaced farmers. The days of large scale migration from Southern Italy to the Northern industrial towns are over as employment prospects there have narrowed.

The unions cling tenaciously to those jobs that already exist. All this virtually precludes any serious drive towards bigger farm units, which would employ fewer people.

A third answer to the problem of the poorer areas, which are predominantly in the South and the Central Mountains, is that farmers in these areas should become more efficient and produce more. This would of course have the effect of reducing Italy's food deficit. The agriculture - food deficit is thought to have increased by 30 per cent in 1980 to about L6,500bn (\$6.5bn).

The main items imported were meat (accounting for nearly half the deficit), cheese and milk, while exports increased by only 1 per cent to L3,588bn (\$3.5bn). There is no reason why Italy should be self-sufficient in every single product, but it should be possible to close the agricultural trade gap by raising output of other commodities, notably the Mediterranean - type products such as fruit and vegetables, olives and wine.

Oranges

Italy has been slower than other countries, such as Israel and South Africa, in improving *the quality and raising the* output of its Mediterranean-type products. Italian oranges are common at this time of the year. But Israeli and South African citrus fruits are free of most pips while Italian oranges and tangerines still have many pips in them. Presentation of food for marketing could also be greatly improved. In consignments of such commodities as nuts, which Italy produces in quantity, there could be more careful control of the number of empty or shrivelled ones.

Such an improvement programme would require large investment—in the case of new orange trees over several years—and increased discipline in quality control and packaging. There are strong arguments in favour of more co-operatives, which work well in parts of the Northern half of Italy, but less well in the South. There the pattern of operation is more informal, with baskets of ungraded and often none too hygienic mushrooms sold casually at the roadside in autumn, or job lots of oranges sold cheap in the markets of Rome and other cities.

Considerable progress has been made in Italy, including the south, in improving the quality of wines, by instituting the equivalent of the French system of Appelation Contrôllée and by setting up local cantinas or wineries often operated by co-operatives. Italy is now the biggest producer of wine in the world (making one-fifth of the world's supply) and produces one-third of the world's exported wines. Even so there is room for expansion of exports and improvements in the quality of Italian wines. However, the achievements in the field of wine production show what could be attempted in other areas.

The enlargement of the EEC to bring in Greece, Spain and Portugal, could provide the impetus Italy needs to become more competitive in Mediterranean products. The horticultural producers are afraid that the Greeks, and in due course the Spanish—37m people with a big farming sector specialising in Mediterranean products—will compete hard with Italy in an area where until now it has had a relatively cosy existence under the EEC's Mediterranean farm regime.

There is thought to be less threat to Italy from Spanish wines than from Spanish olive oil, which would be a surplus commodity in the EEC if Spain joined, and thus a potentially enormous drain on the EEC budget.

The restructuring of the CAP that will be necessary over the next few years, even if Spain does not join the EEC, is crucial to Italy's agriculture.

Big increase in wine exports

IN THE last decade there has been a considerable increase in the world-wide demand for Italian table wines.

Sixteen years ago, the Italian authorities introduced the Denominazione d'Origine Controllata (DOC) system to ensure a high standard in the wide range of wines produced.

Today, more than 200 labels have DOC status. Superior wines of all the northern and central provinces are becoming increasingly familiar and some are to be found on almost all wine merchants' lists in Britain. Italian sparkling wine is now the most popular non - champagne sparkling wine sold in the UK, supplying almost half the market.

Left: tasting and inspection of wines in the cellars of Ruffino Chianti at Pontassieve in Tuscany.

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ITALY IX

Crowds begin to throng St. Peter's Square, Rome, on Sunday morning, in time for a blessing by the Pope

Campaign for a longer season begins to show results

TOURISM

MARY VENTURINI

TOURISTS have been as much a part of the Italian way of life as sunshine, the Spanish Steps, St. Peter's and the Colosseum. But just as the sunshine no longer seems to be quite what it was—winters in Rome seem longer and colder — so the tourists are not quite what they were either.

When holiday makers, culture vultures and penniless students have most of the world to choose from, Italy is no longer the obvious choice it was even a few years ago. If it is still worth one visit, perhaps it is not worth two or three. Even the faithful *Germans are beginning to question* the value of their annual pilgrimage to Ischia or the Adriatic Coast.

As one promoter of Italian tourism put it, "it is not that we are any worse, it is just that the others are now better."

Unfortunately for Italy the Italians are incapable of selling themselves. Meet almost any Italian and you will know just what is wrong with the country in ten minutes, but you will have to ask if you want to know what is right.

It is not therefore altogether surprising that terrorism, earthquakes, strikes, inefficiency and petty crime stick in peoples' minds when they think about *holidays in Italy but not* when they consider going to Italy's other Mediterranean rivals, Spain, Greece and Yugoslavia.

Perhaps it is for the same reason that yet another change in the Italian Government seems more of a threat to a peaceful holiday than the death of Tito or an abortive coup in Spain.

The Italian tourist industry is however beginning to realise that the good natured take-it-or-leave-it attitude—once *one of* the attractions for the old style tourist, has to be tempered with efficiency for the new generation of traveller who is only too ready to change his mind rather than face transport delays, handbag snatchers and overcharging.

The first signs of trouble were evident last summer. Although foreign currency earnings from tourism were slightly up, most of the increase was accounted for by price rises. The "presenze"—defined as a night's lodging by a non-Italian in a hotel, pension hostel or camping site—were down during the key months of July and August after years of spectacular increases. The overall period January to September also showed decline from the 297,823,000 "presenze" in 1979 to 296,405,000 in 1980.

However tourist arrivals, rather than the nights spent, continued to climb particularly during the out of season months. Tourists are still coming therefore, but for shorter periods and they are spending less. The one comforting sign is that more are beginning to come in what have generally been considered the off-peak months.

Italy has been trying for several years to extend its season beyond the June to September period. The fact that the tourist trade is concentrated almost exclusively in the summer means that the accommodation—Italy's capacity is the largest in Europe—is chronically under-utilised. The campaign for a longer season has shown results in the Alps and the major cities where business conferences can go hand-in-hand with a good dose of sightseeing and shopping.

Limitations

It has been more difficult in the South where the peak season is not even four months, but only two. By the beginning of September hotels are closing, umbrellas and deck chairs vanish from the beaches and the winter season mentality just does not seem to catch on, except in such select resorts as Taormina and the Amalfi Coast.

Tourism is just another neglected aspect of the mezzogiorno or South of Italy. Excluding Sicily, Sardinia and areas around Naples, relatively little is known about the Mainland South. If they think about it at all most people probably have visions of steel mills at Taranto and chemical plants at Brindisi rather than the Baroque architecture of Leece, the "Sassi" at Matera or the Greek remains at Metaponto.

The beaches are there, the archaeological ruins are there, the artistic culture is there. But whatever the glossy brochures say it is still the adventurous *tourist or the archaeological* expert who will choose to chance the accommodation and the communications of the remoter areas in the South.

This could well change in the next few years. Considerable investment and promotional work is going into boosting the south's tourist facilities and image. Regionally-based hotel consortia have been set up with support from the development, *advisory* and *promotional* organisations in Rome.

The roads and motorways have been improved and extended and both the South East and South West have airports. Most important of all it is being argued by economic planners that the labour intensive tourist industry with its spin-off in private accommodation, small resturants, crafts, wine, food, transport is better adapted to the needs of the underdeveloped South than heavy capital intensive industry.

Contrary to widespread belief the earthquake which devastated parts of Southern Italy at the end of November did not touch the main tourist centres. It is therefore the psychological *rather than the actual physical* impact which is in danger of damaging the tourist trade.

Tour operators have confirmed that the general image abroad is of widespread destruction to tourist facilities, and hotels full of earthquake victims. That this is not the case has been demonstrated by a report put out by the Rome-based Institute for the Assistance in the Development of Southern Italy (IASM). This confirms that the physical damage to tourist accommodation has been negligible. The destruction, the report points out, is concentrated almost entirely in the inland areas East and South East of Naples, beyond Avellino and Salerno where tourists hardly ever *penetrate*.

Furthermore, visions of hotels filled with the homeless have also been far off the mark as the scheme to find this sort of emergency housing never got off the ground thanks to the opposition of the earthquake victims themselves.

The Italian tourist authorities have, in fact, worked quickly and efficiently to counteract the prevailing image of a devastated South. Since January the Ministry for Tourism, the National Tourist Agency has been running public relations and information campaigns in the U.S., Germany, France and the UK to convince both the Press and the travel operators that life will go on as before this summer in the South.

Protests

Even the most optimistic would, however, find it difficult to recommend Naples as anything but the briefest port of calls this year. There all the old problems—unemployment, derelict housing, chaotic transport—have been intensified by the earthquake. The continual outburst of increasingly violent protest is a sign that the inhabitants are no longer in the mood for promises and stop-gap solutions.

Paradoxically, good could come from the bad. Since the earthquake the whole question of tourism in the South has been receiving more attention than in the past. Although it is still too early to tell whether the promotional campaign will prevent a heavy decline in bookings, the first signs are encouraging. What is clearly evident is that the earthquake has served to give a boost to organisation and promotional efforts which might otherwise have been without the same sense of purpose.

WHERE ITALY'S VISITORS COME FROM

West Germany easily heads the league, with more than 22 per cent of visitors to Italy. Figures *for various countries are as follows:*

Country	Number of visitors†	Percentage of total
Austria	4.66m	9.6
Belgium	1.18m	2.4
Denmark	540,100	1.1
Finland	236,300	0.5
France	692,900	14.2
West Germany	10.79m	22.1
Greece	469,600	1.0
Ireland	125,500	0.3
Yugoslavia	3.82m	7.9
Luxembourg	209,200	0.4
Norway	237,600	0.5
Low Countries	2.01m	4.1
Portugal	138,600	0.3
UK	1.99m	4.1
Spain	482,300	1.0
Sweden	537,200	1.1
Switzerland	8.53m	17.5
Turkey	146,800	0.3
Other European countries	872,200	1.8
European total	43.94m	90.1

Country	Number of visitors†	Percentage of total
Argentina	239,900	0.5
Australia	339,500	0.7
Brazil	144,800	0.3
Canada	395,900	0.8
Japan	383,200	0.8
Israel	119,500	0.2
Mexico	93,100	0.2
New Zealand	115,400	0.2
Pakistan	34,500	0.1
Arab world	86,000	0.2
U.S.	1.76m	3.6
South Africa	89,000	0.2
India	69,900	0.1
Venezuela	97,000	0.2
Others	826,700	1.7
Total	4.80m	9.9
Grand total	48.74m	100.0

† Figures for 1979.

Source: Italian State Tourist Office (ENIT).

Winter sports enthusiasts at Courmayeur

Changes in the subtle links between Church and State

THE VATICAN

RUPERT CORNWELL

THE FACT that a Pole should be rated by a recent Italian public opinion poll as the most powerful man in the country, might, at first glance, seem a trifle odd. Yet the finding of *Il Mondo* magazine is, in its own dry way, an eloquent tribute to the extraordinary impact of Pope John Paul II, in the two-and-a-half years since he ascended St. Peter's throne. It is also a pointed confirmation of how the subtle yet profound ties between the secular state and the Church have been changed by the arrival of the first non-Italian Pope in more than four and a half centuries.

At any time, the Vatican wields considerable influence in Italian life. Indeed, although it is technically a foreign State, with its bishops and priests, the Holy See is at the apex of what is perhaps the *most pervasive and omnipresent* institution in national life, an important consideration in a country whose fragmented past and recent unity are still apparent today.

In the three-and-a-half decades of the post-war Italian Republic, the Church has, more or less visibly, stood at the side of the Christian Democrat Party which has ruled Italy throughout that period. Its power, especially in the countryside, has been a vital factor in maintaining the Christian Democrats in office, and holding at bay the advance of the Communist Party.

On occasions, especially in the bitterly fought battles over divorce and abortion, the Church has entered the lists on its own account, trying with mixed success to hold back the anti-clerical forces of change, in a country which professes itself 98 per cent Roman Catholic.

Trend

Whatever the opinion poll might imply, however, the ostensible interest taken by the Church in Italian affairs has dropped noticeably during the reign of John Paul II. This trend has, moreover, not gone unnoticed by the Christian Democrats, who have been disconcerted at the way in which once familiar channels of communication with the Vatican have been modified.

By his travelling, by the consciously global projection of his role, the Pope has let it be known that the Church has "bigger fish to fry" than Italy. Other pontiffs before him have ventured outside Italy, notably Paul VI. But none have carried the international pastoral mission of the Holy See to such lengths. Within the past year he has been to Africa, Latin America and the Far East.

The Pope himself has always laid emphasis on the pastoral, rather than the political, aspects of the Church's functions, but in places like Central America, the Philippines, and above all, his native Poland, such a distinction hardly exists.

In Italy, too, he has been an indefatigable traveller, and perhaps his experiences have underlined a historical lesson fundamental to the church's relations with the *Italian* State: that where secular authority was most firmly entrenched in the past, the Church has fared best, and its influence remains most profound.

The most Catholic parts of Italy are in the north, especially the Veneto (ruled for centuries by Venie and then the Austro-Hungarians), where the Papal State was never dominant.

Where the Church exercised temporal authority, in Emilia Romagna (now the Communists' biggest stronghold in the country), and Rome, its popularity, is today comparatively low. This truth emerged during the Pontiff's trip to southern Italy to visit communities stricken by the November 23 earthquake. His reception there, in a region where the Church has exercised power, was much less enthusiastic than might have been expected, given the charismatic nature of the man, his warmth, sincerity and informality.

The emphasis placed by John Paul II on the Vatican's international Mission is apparent too in the changes he has made in the Church's administration. Cardinal Casaroli, who replaced the late Jean Cardinal Villot as Secretary of State, is, by background, a church diplomat, who has not been over-closely involved into purely *Italian affairs.*

Finances

It has been suggested that the Pope's interest in bringing, in person, the Church to the four corners of the world has created problems, by leaving him insufficient time to administer the bureaucracy of the Vatican. Some say, perhaps maliciously, that for three weeks before the visit to the Far East, much of the Pope's time was devoted to perfecting the Mass in Japanese he was due to give.

However, important aspects of the church's internal affairs are changing. An unprecedented extraordinary meeting in 1979 of the College of Cardinals signalled his determination to put the Vatican's finances on a more sound footing. The Church is well aware of the problems created by its involvement in purely Italian financial affairs, most notoriously at one stage with Sig. Michele Sindona, the Sicilian financier now in jail in the U.S.

Less clear is the outcome of the discussions, long under way, for a revision of the 1929 Concordat which regulates relations between Italian State and the Church. Despite several recent false alarms, agreement between the Italian authorities and the Vatican has still not been reached.

During this delay, the argument has been increasingly heard that it might be better to do away completely with the Concordat, on the grounds that the two parties have now learned to co-exist, and that, in any case, differences will crop up between them, whatever a formal document might say. But such a step would mean amending the Italian Constitution of 1947, declaring that Church and State, "each within its own ambit, are independent and sovereign."

The sort of problems which would arise are typified by the two referendums scheduled this Spring in Italy, on the ever-sensitive issue of abortion. The present Pope, who lays special emphasis on the dignity of man, *is still* more unbending than his predecessors on moral questions such as priestly celibacy, divorce and abortion.

Both John Paul II (among whose titles is that of "Primate of Italy") and leading members of the Italian Episcopal Conference have spoken out vigorously and explicitly in favour of repeal of even the moderately permissive abortion legislation currently in force. The protests from the anti-clerical lobby have been vociferous. But old patterns, in fact, are changing.

The Christian Democrats, despite being a confessional party, have made it clear that this time there will be no political crusade. The lesson is still vividly remembered of the 1974 anti-divorce referendum, when a 60-40 majority of Italians ignored a fierce campaign by Church and party to ban divorce and, in the process, dealt a damaging blow to the Christian Democrat's image. The party, as Sig. Flaminio Piccoli, its secretary, recently made clear, remains opposed to abortion, but its supporters will be free to vote according to their conscience.

All this is further evidence of the lossening ties between the Vatican and domestic Italian politics. In another sense, however, the arrival of a Polish Pope has added a new ingredient. Poland and Italy have uncanny similarities; both, in their respective blocs are, in a sense, "odd men out." They are the two countries which epitomise the struggle between Catholicism and Marxism as the two dominant forces in their societies.

Mediator

The efforts of the Church to mediate between independent unions and Government in Poland bring to mind the once mooted "historic compromise" as a means of settling Italy's underlying divisions.

In this sense, the presence of a Polish Pope, known for his first-hand experience of life under a Communist regime, could have significant repercussions on *the course of Italian* affairs.

The Italian communists, well aware of the weight carried by the Church in the past, have taken great care not to cross swords with the Vatican. But now the "historic compromise" of a grand alliance of Marxists and Catholics has been dropped, that attitude, conceivably, could change. This summer's local elections in the capital, at which the PCI will be fighting to retain control of the municipality, could prove an interesting test case.

VISIT BY THE POPE

Pope John Paul II climbs on a makeshift table to speak to the survivors of the major earthquake that levelled the mountain village of Balvano. The quake also caused the collapse of a church during evening vesper services

Quake disaster focuses concern on neglected areas of the South

THE MEZZOGIORNO

RUPERT CORNWELL

NOTHING COULD have more cruelly dramatised the problems of Italy's impoverished South (Mezzogiorno) than the earthquake which struck the two regions of Campania and Basilicata on the evening of November 23. When the seemingly interminable two-minute shudder, measuring *almost 7 on* the Richter scale, had finished some 3,000 people had been killed and around 230,000 made homeless. More than 70 communities were devastated and hundreds more affected in varying degree. Half-a-dozen were literally wiped off the face of the earth and will have to be completely rebuilt from scratch elsewhere.

But the disaster in the hinter*land is only half the story.* The damage done to the already inadequate housing stock of Naples has destroyed the fragile equilibrium which had enabled the biggest city of the Mezzogiorno, and symbol of its age-old problems, somehow to muddle through.

The makeshift "*Economia del Vicolo*," or back-street economy which enabled many of its 1.3m inhabitants to make a living of sorts has been disrupted. Homeless and unemployed are engaged in angry and increasingly violent protest at the failure of the Government to make a serious attempt *to break* Naples *out of* its world of squalor and decay. Often in recent weeks the city has seemed on the brink of a spontaneous uprising, of perilous consequence.

These two facets of life after the earthquake—in both over-populated Naples and the impoverished agricultural hinterland—show to what extent plans to repair the earthquake damage *have become part of the wider* debate over the future development of the Mezzogiorno.

Its backwardness compared to the rich North and centre of the country is plain from the figures alone. As defined by the area eligible for aid from the Cassa per il Mezzogiorno (the Government agency set up in 1950 to channel resources there), the South covers eight *entire regions and half of two* others. It comprises 40 per cent territorially of the country and contains 20m, or 35 per cent, of the total population. Yet the South contributes only one-sixth of total industrial output, and has an unemployment rate double that of the North.

The long-standing Government strategy of bringing industry to the region has had at best mixed success. Some projects, for example the integrated steelworks of the State-owned Italsider concern at Taranto, have proved highly successful in terms of stimulating the local economy.

Elsewhere, however, plans have foundered amid the lack of in indigenous spirit of enterprise, while the notoriety of less official Italian institutions like the Mafia has often scared off *would-be investors* despite the lavish official incentives available to create new jobs.

Safety valve

The historic safety valve to accommodate pressures in the South, whose birthrate is higher than the North, has been emigration—either to the North or abroad. Since 1950, despite the $50bn made available by the Cassa, 4.5m people have left the South. Others have poured into the few big coastal cities and in the process made places like Naples, Palermo and Salerno all but unmanageable.

In the past two or three years there have been signs that emigrants were trickling back. Parts of the South, notably on the Adriatic side in Abruzzo, Apulia and Basilicata, and around Caserta near Naples, have achieved that elusive take-off into self-generating economic expansion by creating their own seed-bed of small and medium-sized companies.

Indeed, contrary to much conventional wisdom, the wealth gap between North and South actually narrowed slightly between 1977 and 1979. Two years ago, for instance, the South grew by 5.2 per cent and the North by 4.9 per cent. The reasons for this trend were various: improved returns from agriculture, more tourists and an increase in the flow of investment from outside. Despite the chronic reliance of the South on State hand-outs, either directly or indirectly, through a bloated public administration and proliferating pensions and welfare payments, there were grounds for encouragement. Then came the earthquake.

The long-standing Government strategy to bring more industry to the regions of the South has had mixed success, at best

Its exact economic effects are still impossible to quantify. But many of the positive developments of recent years risk going into reverse. Since November 23 an estimated 50,000 people have left the region, many of them presumably never to return. Although damage to existing factories in the stricken zone seems to have been relatively limited, the earthquake was a setback for industry. The problems of an already fragmented and unprofitable agriculture have been made worse and fears abound on the tourist front.

The authorities have begun a campaign abroad to promote the tourist appeal of the area. This, they hope, will offset impressions left by reports of the havoc caused by the earthquake, the inefficiency with which it was first tackled and the continuing tensions in places like Naples. But only time will tell how successful these efforts have been.

*Of most concern to the earth*quake zones inhabitants, though, will be the Government's own reconstruction programme. The best guesses at total damage run to as much as L20,000bn (£8.7bn). The Cabinet in February adopted an outline programme allocating L8,000bn. More important than the amount, however, will be how the money is spent—in other words whether it can bring *about a new start for the South* or whether it merely reinforces the bad old ways of the past.

Alas, there are reasons for supposing that the latter will prove the case. The Government's grand design is aimed at luring new industry to the region—not massive investments of the earlier "cathedral in the desert" variety but smaller ventures which would lean on the artisanal bent of the Mezzo*giorno* and help create an entrepreneurial culture of their own.

But the history of the South is one of reliance on the outside—on aid from Rome, and on emigrant remittances from abroad to make family budgets balance. The avalanche of money promised by the Government (assuming that it arrives) may simply serve to entrench old mentalities still more deeply. Nor will the feudal and clientelistic nature of Southern politics help foster a new spirit.

Bonanza

Moreover, will the money in fact be spent? It has been reckoned that there are L1,800bn (£786m) of authorised funds lying unused for Sicily alone. This chronic inability of the bureaucracy to spend funds available is one of the reasons why the actual transfer of resources from North to South since 1950 may not, despite the rhetoric and the promises, have exceeded 0.5 per cent of Gross Domestic Product a year.

On a more everyday level reconstruction will obviously mean a bonanza for the building industry in the earthquake zone. Around Naples at least, however, the sector is already largely controlled by the "Camorra," the local equivalent of the Mafia, which is licking its lips at the rich pickings to *come.*

The challenge will be to avoid the mistakes of the past. Monuments to the problems of the Mezzogiorno abound. The highly modern Alfasud car plant at Pomigliano d'Arco near Naples, plagued by strikes and absenteeism, is one. Another is Gioia Tauro, the cancelled steel plant project in Calabria, in whose name hectares of rich agricultural land were laid waste for no purpose.

Some signs of hope do exist. The Government seems more determined than before to secure a better deal for agriculture, and in particular Southern agriculture, in Brussels. The advantages of the Mezzogiorno's geographical position have been underlined by the pipeline to convey Algerian natural gas to Sicily and thence to the rest of *Italy and to Europe, which will* enter service next year. Even the earthquake may perhaps not prove an unmitigated disaster, if it has at least focused concern on the backwardness of the region as rarely before. But the task of creating a new South today is more difficult, and more urgent, than ever.

New threat to telecommunications sector

HALFWAY THROUGH the interminable ministerial discussions during the weekend of March 21-22 which ended in the devaluation of the lira, the Italian Government agreed to allow SIP, the country's main telephone utility, to put up its prices by 12 per cent and made other important financial provisions for it.

The decision is barely less important for both the immediate and medium-term future of Italian industry than the devaluation itself. For the financial crisis at SIP is not only threatening to cause the layoff of workers in the telecommunications supply industry, but is holding up an urgently needed plan for the development of the Italian telecommunications and electronics sectors, one of the most promising sectors for development in the 1980s.

Earlier in the year, an urgently needed capital injection was finally agreed for SIP, with funds to be channelled from IRI, the State holding company, via SIP's parent company, STET. But not only were some L240bn of the L800bn of new funds dependent on IRI itself, receiving more funds from the Government, but SIP still needed higher tariffs (which are fixed by the Government), and other changes in the financial conditions under which it operates—some of which were agreed by the Government in late March.

If SIP were to commence a big ordering programme for a more modern, electronic and automated telephone system, it would transform and strengthen the Italian telecommunications industry—as happened in France, five years ago—and allow it to develop an important position in telematics: the mixture of computer, microchip and communications technology. However, because of Government dilatoriness, this is some way off.

Main sectors

The telecommunications industry in Italy consists mainly of Italtel (State-owned through STET; Telettra, the transmission and switching specialist subsidiary of Fiat; Olivetti: and SGS-ATES, Italy's only indigenous manufacturer of electronic components including microchips, also owned by STET.

Italtel only began its own research and development programme 10 years ago, but is developing an all-digital electronic exchange called "Proteo," which has been dogged by delays but is now being installed on an experimental basis.

A key move towards the strengthening of the industry could come from the agreement expected to be signed shortly between Italtel and Telettra, under which the latter would become more involved in the Proteo project; Italtel would benefit from Telettra's strong foreign market, particularly in Latin America, and thus would lessen its dependence on SIP. That will be the first step towards the necessary rationalisation of the telecommunications industry.

At the end of last year it was mooted by some that Olivetti was interested in taking a stake in either Stet or Italtel, but this was firmly denied, even though it was made clear that the two groups had to co-operate.

Olivetti, too, is keen to see the Government creating a large public sector market through telecommunications ordering. But, in the meantime, the company, which also makes office equipment, has been developing its overseas interests, not just through its link with St. Gobain Pont-a-Mousson, the French concern, but by buying stakes in a number of very small high technology companies in the U.S.

Within Italy, however, it is to take a 49 per cent stake in SGS-ATES, which is another supplier of SIP. Unlike Olivetti, which made record profits last year, SGS-ATES is in some difficulties and made a loss in 1979.

A further element is the possibility of bringing in a new foreign partner to join the existing concerns — Ericsson and GTE being the two most frequently mentioned possibilities.

Investment plans

While these manoeuvres continue, the different ministries in Rome — those for State shareholdings, posts and the budget — continue to draw up different plans for the telecommunications electronics sectors, each envisaging different patterns for pumping in investment, usually through the medium of SIP as the major ordering concern.

There are structural changes foreseen for STET, too, to separate SIP from the manufacturing arms, including Italtel. But like so many other aspects of Italian State-dominated industry, what is now needed more than plans are firm decisions.

JAMES BUXTON

Private TV companies battle for big-time audience ratings

THE MEDIA

MARY VENTURINI

The power of the Italian Press was seen recently in the fight against terrorism, when daily newspapers led the way in an uncompromising stand against giving way to the demands of the Red Brigades, who kidnapped the Rome magistrate, Giovanni D'Urso. He is seen, above, meeting dozens of photographers at a news conference at the Italian Press Club in Rome, following his release by the terrorists. Left: a well-stocked news kiosk in Milan

SUNDAY a serial, Monday a play, Tuesday a serial, Wednesday sport, Thursday a quiz, Friday current events, Saturday variety, Sunday, a play—and so on it goes on, year in and year out, on Channel One of the RAI-TV, Italy's State-controlled television service. Even the muddle at news time — the reference to President Ronald Carter was only one of the more recent examples — is one of Italy's standard jokes.

Until 1976, Italians could only protest by switching over to an equally boring but supposedly more highbrow and Left-wing second channel. Then came the constitutional court ruling, breaking the RAI-TV's monopoly on the airwaves and opening the way to what amounted to a free-for-all, under the thin guise of local broadcasting.

Now, with a bit of button pushing and a good aerial, Italians in most cities can choose from four television stations and about 15 private stations.

500 stations

Since 1979, they have also been able to tune in to the regional delights of the RAI's Channel Three — the State's answer to the local broadcasting, unleashed five years ago. It is now estimated that throughout Italy there are about 500 private television stations and several thousand radio stations.

But the choice is often more of a fiction than a fact. Late night pornographic strips looked good for a while after the decades of RAI dullness, but the thrills quickly wore off. Very soon many of those who liked the look of the private television business, in the early boom days, began to realise that there was more to it than screening a fourth rate American film, a few cartoons for the kids and then another film.

Perhaps the Italian audience was less gullible than the programmers imagined. Or, perhaps, the investment in equipment, technology, personnel, programming was higher than they had bargained for. It is estimated that the start-up finances for a good station are between L2bn and L3bn. Whatever the reason, it soon became clear that it would not be the well-intentioned local amateurs, with shoe-string finances, who were going to attract the right audience, the right advertising and the right return on capital. It is thought that less than 100 of the existing television stations are actually turning in profits.

Professionals

As Rizzoli, Mondadori, Rusconi, three of the biggest names in the Italian Press and publishing world, moved into private television and Mr. Silvio Berlusconi started to invest the money that he had made out of real estate in Milan into his television creation, Canale 5, the RAI woke up to discover that it was dealing with big-time professionals.

Word that Rizzoli was to put out a nightly news programme on its local stations, chaired by the RAI's one-time success story, Maurizio Constanzo, shook the State-controlled television even more than the fact that Berlusconi's Canale 5 had the rights to the live transmission, via satellite, of the International Soccer Championships in Uruguay.

Clearly films, even the up-to-date releases, were one thing, but news and sport was quite another. These meant not only a leap into the big-time audience ratings, but also a leap out of the strictly local into the near national class. As a result, the RAI went into action against both groups. Berlusconi was forced to share the soccer transmissions in a compromise agreement with the RAI and Rizzoli was taken to court on the grounds that it was violating the local concept of private television.

It is precisely here, in the dividing line between local and national, that Italian television is now awaiting for guidelines. The 1976 constitutional court ruling opened up the airwaves to local broadcasting, but left it to Parliament to define what was "local." Parliament was also left to provide regulations on the use of frequencies and such things as the ratio of advertising to bought-in or self-produced programmes. Needless to say, Parliament has never acted.

So far, five proposals have been put forward by various political parties to bring some order out of the present chaos. It is rumoured that another is now in the making by the latest Minister of Posts and Telecommunications.

Definitions

Most of these proposals are attempts to define what is local in terms of either distance or size of audience— -5 kilometres or 3m spectators?

Regulations for the allocation of frequencies are also under consideration. In some areas, private stations are not only interfering with the RAI — so far, court decisions have come down in favour of the private stations—but also with stations across Italy's northern borders. The percentage of advertising to programmes is another tricky problem, with proposals going from 50 per cent original programmes and 10 per cent advertising to 25 per cent "own" programmes and 15 per cent advertising.

For political reasons, Parliament is in no hurry to act. Most of the political parties are either trying to gain control of private stations—here the battle is mainly between the Christian Democrats and the Communists —or to strengthen their hold on the RAI-TV. The political stalemate probably means that the battle will be fought out in the courts.

The definition of "local" will probably make little difference in the long run. The big groups have already found their way around the problem by setting up companies to distribute national advertising and to supply bought-in programmes to groups of local stations.

Well-known names

Berlusconi's Publitalia, for example, owns Canale 5 which is used as the group insignia for a chain of about 25 local affiliated stations. These are supplied with national advertising — the round-the-corner car sales room or hairdresser is fast being replaced by the big automobile, detergent, beverage and domestic appliance names—by Publitalia and programming by another Berlusconi company, Retelitalia.

Mondadori has much the same set-up, supplying its 25 or so local affiliates with advertising, via its concessionaire, GPE, and programming, servicing and consultancy through Telemond and GPE TV.

While the argument about local or national broadcasting promises to go on for years, Italians do not appear to be unduly worried about the evident concentration of publishing, press, television and radio interests in the hands of a few giants. The fact that Rizzoli should own the country's largest circulation daily, "a corriere della sera," a chain of local papers, influential women's magazines and now one of the most successful television chains, has raised relatively few eyebrows.

This is all the more surprising considering the uproar which surrounded the attempts made by a few industrialists to buy several daily newspapers at the beginning of the 1970s, in what was clearly a misguided and unsuccessful attempt to influence editorial policy.

Influence, whether of the direct political sort or the more indirect financial kind, has always been the way of life in the Italian Press. But, in certain important ways, the deficit-ridden Press is now showing an independence which would have been unthinkable even ten years ago. Newspapers have been largely responsible for the exposure of most of the major scandals of the past years—Sindona; Lockheed; oil pay-offs; misappropriation of Government development funds—as well as the resignation of President Leone, in 1978.

The most recent example of the power of the Press in Italy has been in the fight against terrorism. During the kidnapping of the Rome magistrate, Giovanni D'Urso, the battle against giving in to the demands of the Red Brigades was not fought by the Government but by a group of newspapers. The uncompromising stand taken from the start by the Rome dailies, indicated just what changes had taken place since the Red Bridges ran circles around the media during the kidnapping and assassination of the ex-prime minister, Aldo Moro.

Left-wing demonstrators holding red flags march past the Colosseum during the traditional May Day rally in Rome. The conditions which bred terrorism at both extremes of the political spectrum in the late 1960s and early 1970s have not altered. Housing and unemployment problems have worsened and Italy's political system is seen to be corrupt

Terrorist operations keep politicians under pressure

LAW AND ORDER

JAMES BUXTON

ITALY'S RED Brigades' terrorists re-emerged into the world's headlines around the turn of the year. For five weeks they held a previously less well-known but important magistrate, Sig. Giovanni D'Urso, threatening to kill him if their demands (which concerned the incarceration of Italy's growing number of captured terrorists) were not met.

It was the type of terrorist operation which, unlike the murder of an official or a bomb explosion, forces governments to make decisions. In this case, the four-party administration of Sig. Arnaldo Forlani was barely equal to the crisis: it was internally divided, with the Socialists favouring concessions towards the Red Brigades in order to save Sig. D'Urso's life, and the other three parties opposed, and the result could only be regarded as a victory on points for the Red Brigades, even though Sig. D'Urso was returned unharmed.

The Red Brigades obtained the closure of a particularly old and oppressive top security prison on an island off Sardinia, (though the Government argued lamely that it was in the process of closing it, anyway). The event revealed an embarrassing laxness of prison security, in that imprisoned terrorists took a hand in the proceedings after the kidnapping from jail, and terrorists staged a revolt at the Trani top security prison (which the Italian equivalent of the SAS successfully crushed): the Red Brigades not only released the magistrate at their own discretion, but freed him right in the heart of an enormous police operation, organised to catch them.

There was also the unbecoming spectacle of Sig. Arnaldo Forlani praising those newspapers which had bravely refrained from printing the terrorists' communiques — and then giving equal praise to those which had caved in to pressure to print them.

The D'Urso saga demonstrated the peculiar vulnerability of Italy to terrorism and subsequently provoked expressions of exasperation on the part of the Carabinieri, Italy's paramilitary police, at the ineffective role of the politicians in removing the conditions in which terrorism can flourish. Yet even the carabinieri believe that in terms of blood the worst may be over.

Executive

There have been two or three terrorist outrages since the D'Urso case ended in mid-January—the shooting of two Carabinieri by Right-wing terrorists in Padua, in February; the killing by Red Brigades of a Milan hospital director; and the knee-capping of an Alfa Romeo executive in the same city.

Indeed, last year there were no operations by the Red Brigades between June and mid-November. The number of people who died from terrorism in Italy last year was, at 114, much higher than the 22 victims the previous year, but of those, some 85 died in the ghastly bomb explosion at Bologna Railway Station in August. This was thought to be a Right-wing exploit, though responsibility for it has never been claimed by any organisation and it may have been caused by the accidental explosion of a bomb destined for elsewhere.

The diminution in Left-wing terrorist activity can be immediately attributed to the far greater successes which the security authorities have had in the past 15 months in rounding up mainly Left-wing terrorists and suspected terrorists. Some 700 suspects were arrested in 1980 and the pace of arrests continues. It is reckoned that the Prima Linea group has been gravely weakened and that the two other organisations, Revolutionary Action and the 28 March Brigade, have been effectively destroyed.

The Red Brigades (the biggest Left-wing network and the core organisation of which the others were effectively offspring) themselves suffered about 100 arrests. In many cases the arrests have been triggered by the confessions of previously captured terrorists, encouraged by generous incentives, in terms of lighter prison sentences, and helped by tough laws passed in the wake of the kidnapping and the murder of Aldo Moro, ex-Prime Minister, in 1978.

Sig. Flaminio Piccoli, Christian Democrat secetary (left), former Premier Sig. Guilio Andreotti (right) and Christian Democrat representative Sig. Giovanni Galloni at a wreath-laying ceremony last month to mark the third anniversary of the kidnapping of the former Premier Sig. Aldo Moro

The inroads made by arrests led to the Red Bridges holding a strategic conference last August at which it was decided to rebuild the organisation on slimmer lines after the police offensive, weed out the less reliable branches of the operation and tighten security procedures.

The Carabinieri believes that the movement, which may not consist of more than 200 or 300 hard-core members, is internally divided between hard-liners bent on killing and those who want to form a movement which would attract popular support. They argue that the Red Brigades are finding recruitment difficult. The concentration in the D'Urso operation on improving conditions for terrorists in prison arguably shows how defensive the movement has now become.

One reason for this may be that the climate in which Left-wing terrorism flourished has changed. Terrorism grew out of the anti-Vietnam war movement of the late 'sixties, when it became fashionable for some university students to give active or passive support to terrorists. An entire intellectual movement, known as the Autonomists, was built up around the Left-wing terrorists, who gradually supplanted Right-wing terrorists in ferocity as the decade moved on.

Yet there are signs that the Left-wing movement has been weakened, both by arrests and the fact that Italy has shown itself reasonably resilient to terrorism, while the shock of terrorist brutality tends to become dulled by repetition. The atmosphere among students in the universities today is far more diligent than it was in the early 1970s and the original hangers-on of the terrorist movement are becoming rather long in the tooth.

They may, however, be being replaced by more solidly working class members of the terrorist movement.

It is the desire to consolidate the gains that have been made against terrorism by the security authorities that lies behind the calls by the Carabinieri, in a very rare series of interviews, for more vigorous Government action to correct the social problems that lead to terrorism.

The intellectual climate may have changed but the conditions which bred terrorism at the end of the 1960s and beginning of the 1970s have not greatly altered. Unemployment is higher and the prospects for young people finding jobs are lower. Housing problems in the rented sector have been exacerbated by ill-conceived legislation over-weighted against landlords.

The Italian political system is seen to be corrupt and currently is manifestly unable to deliver the structural reforms which are badly needed, both in the political and economic fields. Indeed, it is the self-doubt of many politicians which accounts in part for the Government's irresolute handling of the D'Urso case.

The argument of Gen. Umberto Cappuzzo, commander of the Carabinieri, is that "it is the classic Maoist doctrine of 'the fish in the water.' The terrorists swim in these waters of sympathisers. We may successful fishermen, but w we have to do is remove water. Ordinary police act can achieve only so much.

"We've got to make young believe in democracy see that violence doesn't to reform, and that minori do have a chance of becom majorities."

How that can be done uncertain. Spectacular organ terrorism in Italy, of the one reads about in the wor Press, is only the tip of iceberg of a society in w violence (and political viol at that) is endemic.

There are the acts of Right-wing autonomous m ment in cities such as Ro mobs of delinquent you whose parents long ago up trying to control th hijacking buses and setting to vehicles or painting swast and celtic crosses on buildi

In Rome, magistrates (th selves often of extreme Ri wing persuasion) usually these youngsters off lightly their activities are so comm place that they rarely app in the front half of the Ita newspapers.

At the puerile criminal le there are muggings on streets at night, often to fina Italy's growing number of d addicts: a continuing series kidnappings, which have dra ally affected the social habit the rich and their offspri and family murders on a s reminiscent of the U.S.

Erratic

The violent atmosphere compounded by the freq accidental shooting of inno people by trigger-ha Carabinieri and by the po To add to the problem, system of justice is very and highly erratic, and man the prisons are Dickensia their condition and overcrow to a degree that often lead horrific incidents and death

On a different level ther organised crime with the killing 150 people in S alone in both 1979 and Groups of this kind enforce own violent rule on the It mainland and in Sardinia, spread their tentacles to the populations of southern o in the cities of the north.

In such an atmosphere not surprising that a s number of determined and organised terrorists can tinue to stage operations threaten the workings of State and of the big indus concerns. The regional mentation of Italy reinf the hydra-headed quality terrorism and makes it elusive—a necessary charac tic as the security forces be more efficient.

Diverse revelations show terrorists do not lack for i national sources of arms, even of training—usuall Libya, South Yemen Lebanon, though perhaps at least in the past Czechoslovakia.

Behind these sources supply and training indirectly, the Soviet U But the argument that Soviet Union is master-mi a plot to destabilise through terrorism proved cult to sustain when it produced recently by Pres Sandro Pertini and seized in Italian political circles means of discrediting Communist Party.

Italian terrorism has its in the problems of forgi modern industrial nation o a political unit that has existed for 110 years—the problems that make i difficult to obliterate it.

هكذا من الأصل

Larry Klinger and Giles Merritt, in Brussels, report on the prospects of curing Belgium's political and economic 'sickness'

The uneasy options facing the Belgians

RIOT-TORN Brussels featured on most television news bulletins across Europe last week. And it says much of Belgium's latest grinding political crisis that the dramatic footage of charging gendarmes and tear-gas stricken crowds concerned only an eruption of Common Market violence.

Less than a mile up the road from where militant French farmers were besieging EEC farm price talks, the government of Belgium lay peacefully in ruins. The signs of its being quickly put back together again are less than encouraging.

And although the collapse of Belgian governments has become endemic, this time the crisis is serious and significant for the whole of Europe. For once, it was not the country's grumbling "language war" between its Dutch-speaking Flemish and francophone Walloon communities that toppled Mr. Wilfried Martens, the Prime Minister. It was, instead, economic difficulties.

Belgium is not just the crossroads of Europe, or even in its high-flown phrase the "capital" of the EEC. It is a pivotal European economy so open that it is often seen as a barometer of activity throughout the Community.

The present crisis was born out of a savage and sustained speculative attack on the Belgian franc that still threatens a forced devaluation. Mr. Martens' reaction to that, coupled with internal political differences over economic priorities, led to his resignation last Thursday and an invitation by King Baudouin to Mr. Mark Eyskens, the Finance Minister, to try to form a new government.

Last night, after five days of almost non-stop negotiation with the country's political leaders, he was sworn in as the new Prime Minister, finally achieving his ambition to follow in the footsteps of his father, Mr. Gaston Eyskens, the Grand Old Man of Belgium politics who himself had been five times a PM.

The young Eyskens, who will be only 48 on the 29th of this month, promised to lay before the country today a "clear and straight-forward" programme to tackle the country's serious economic ills.

However, the programme was expected to differ little from the austerity and anti-inflation measures that brought down the last Martens administration. Even if the revamped measures are certain to be a sure-fire success, Mr. Eyskens will have to succeed in the difficult job of holding together a Belgian government for an extended period of time.

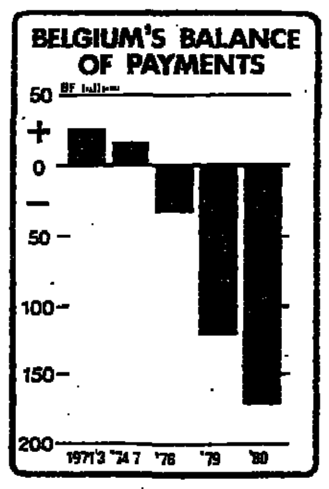
The precedents are not too favourable. The resilient Mr. Martens last Government was known as Martens IV to distinguish it fro mthe previous three in the preceding 18 months.

The political crises—there have been 30 governments in 36 years—illustrate the Belgian paradox: a strange and strained continuity—the same people in charge, periodically swapping places and wearing different hats—but on the other hand unable to produce decisive action or to sustain a coherent policy.

In other times this apparently ramshackle system worked. The nation's natural conservatism tolerated it and it was even reflected in the system's lack of radicalism. Moreover, the functions of government in Belgium are so decentralised that, unless decisions to be taken at national level are exceedingly pressing, local authorities are able to govern efficiently for extended periods.

The trouble is that this balance of division and stability was in the last resort successful because it was based on the added tolerance born of considerable economic prosperity.

Economic difficulties, highlighted by the growth of public sector borrowing, lie at the root of Belgium's latest political crisis. Now Mr. Mark Eyskens, formerly Finance Minister, has the task of finding a solution.



The economic ailments that have now produced the latest shock to the political system are worrying. Kredietbank, the country's thrusting and third largest commercial bank that is also the flag-carrier of the Flemish business community, recently made the following diagnosis of what it called "the Belgian sickness."

"Asthma' arterio-sclerosis, sluggishness, obesity and deafness. As a result of the latter handicap, the patient fails to hear the doctor's prescriptions." The bank added: "The causes of this painful condition are the over-rapid increase of labour costs and the over-rapid increase of consumption."

It may well be that Kredietbank's strictures, which are generally shared not only by other major Belgian banks but also by the National Bank, are so painfully honest that they have contributed to the crisis of confidence once again besetting the Belgian franc. But the country's economic indicators lead to the same diagnosis.

The fundamental problem in the Belgian economy is the insatiable borrowing appetite of the state and the public sector. The public sector borrowing requirement now represents 12 per cent of GNP, having shot up from 9.4 per cent in 1979 and an average of less than 5 per cent during the early 1970s. Accelerating social security costs are partly responsible, for by some reckoning Belgium's unemployment, at 12 per cent, is the EEC's highest, yet eight years ago it stood at just 3 per cent.

In this there are parallels with the recent decline of the Swedish economy where lack of industrial flexibility has thrown a mounting, and ultimately, insupportable burden on the public purse.

Belgium's central bank sternly warned in its 1980 report that the total public debt is now considerably higher than is commonly believed. Rather than the officially cited figure of BFr 1,957bn, it put it at end-1980 at BFr 2,700bn, or about \$80bn. That compares uncomfortably enough with Belgium's current yearly gross domestic product of BFr 3,300bn and a growth rate that has slowed to nearly zero.

But the economic balance sheets of almost all industrialised countries at present have an unhealthy look. So it is probably a good deal more illuminating to look at some of the broad brush statistics that now suggest that Belgium's position as the rich industrial core of Europe is being eroded.

Belgium has traditionally been wealthy because it is an export powerhouse — with only 3.8 per cent of the EEC's population it accounts for almost 10 per cent of all exports both inside the Community and from it. But Belgium's wage costs have soared to become among the highest in the world, thus depressing exports, scaring away investment and thanks also to oil costs producing a BFr 170bn (£2.2bn) balance of payments deficit, where until 1975 there had been a steady surplus.

That payments gap is at the root of Belgium's embattled position over the franc. As one leading American banker put it : "The Belgians now have the choice of being hanged or strangled." They can either continue with intervention, which so far has cost \$3bn in support buying during 1981, or three-fifths of the entire 1980 payments deficit, or they can accept devaluation that on present trends would aggravate the problem of import costs outweighing export earnings.

The odds are that Belgium will therefore opt for the rope, and defend the franc. It still has BFr 700bn in reserves and a gritty reputation for bloodying speculators' noses. Belgian Governments also have pressing internal reasons for resisting devaluation to their utmost, for the bulk of Belgians' savings are in government paper and financial analysts in Brussels observe that there is a moral obligation to safeguard the people's savings. In a highly open economy like Belgium's, and with an internationally minded population, few would swallow the sort of "pound in your pocket remains the same" claim made in the UK in 1967 by Sir Harold Wilson. The political dangers in Belgium of devaluation are serious.

Ironically, though, the domestic capital market can no longer satisfy the financing needs of the Belgian Government. Even though specially attractive interest rates and the level of compulsory lending by the financial institutions have milked funds away from private industrial investment, Belgium is increasingly reliant on foreign loans.

Almost two years ago, after a decade of shunning the Euromarkets, Belgium resumed international borrowing and its foreign debt has now reached over BFr 250bn. Runs on the franc, political crisis and the lack of reassuring economic measures have over the past two months combined to produce a slight waning of international banking confidence in Belgium. It is not, say bankers, that Belgium's Triple A status is in any danger, or that its ability to continue floating jumbo Eurocredits is impaired. It is rather that the interest rates offered are rising and Belgium is being pushed toward inventing currency cocktail gimmicks to counter the spread problem.

The likelihood is that Belgium will continue to lurch from crisis to crisis, but its industries and living standards will be increasingly debilitated by its unsolved fundamental difficulties. The writing is on the wall, and it is written by Belgium's more short-sighted politicians. For it was Mr. Martens' own brave attempt to tackle those problems through de-indexation of wages and major state spending cutbacks that caused him to come unstuck.

Mr. Martens' downfall stemmed from his conviction that the run on the franc left no choice other than for speedy and stern action. His party's plan to extend the Government's anti-inflation drive to include an immediate wage freeze was unacceptable to the Socialists, the junior coalition partner in Martens IV.

The rights and wrongs of his over-riding determination to have a decision by the opening of the foreign exchanges eight days ago may never be proved. But his subsequent view of events certainly points up the deep mistrust now existing in Belgian politics.

Unable to comment publicly while the King held two and a half days of talks last week on whether to ask Mr. Martens to try to form his fifth government or to nominate someone else as *formateur*, Mr. Martens speaks bitterly in private about ministers who, he says, either refused to attend crucial meetings or failed to report the outcome of these meetings to their party leaders.

It has often been said that Mr. Martens is an agile political cat with nine lives. It seems as if he had only four.

Letters to the Editor

Electoral reform

From Mr. S. Rankin

Sir,—I am interested to learn that a number of prominent businessmen have come out in support of proportional representation. Experience of the way proportional representation operates in other countries does not allow us to reach any firm conclusions about the future stability of British politics were PR to be adopted in this country. In particular, it is folly to believe that PR would by itself create a political climate which favoured enterprise.

The major flaw in the arguments of those who make this claim is the presumption that consistent, carefully-weighed policies based on long- rather than short-term considerations (the putative offspring of Governments elected by PR) would, by definition, be in the interests of business. On the contrary, PR carrys no guarantee whatsoever that it will produce Governments with a less marked tendency than those of recent years to undermine the market economy.

Far more important than any change in the way we elect politicians is the need to secure a stronger belief throughout society in the market economy as the most effective known system for satisfying our material aspirations and protecting individual freedom. So long as proportional representation, or indeed whatever electoral system we operate, rests upon and reflects this belief it will secure the benefits which many businessmen hope for. To believe that PR will deliver these benefits without such a change is to confuse appearance with substance.

S. G. G. Rankin.
133 Wyre Hill,
Bewdley, Worcs.

High interest recession

From Professor Brian Reddaway.

Sir, — In his article on April 2 Mr. Brittan poses the question "Why are real interest rates higher in the present than in the last recession?"

His five-point answer would be a good deal clearer if he omitted the last two (which are, as he says, concerned with long-run shifts in real interest rates) and reduced the other three to one: "Because this time the monetary authorities in all major countries are pursuing a tighter monetary and fiscal policy than in 1974-75."

It might help to add that the objective of the authorities is "to bring down the rate of increase of prices and/or strengthen their balance of payments." This objective has been proclaimed by the authorities both separately and in chorus (eg. through the International Monetary Fund and the Bank for International Settlements).

There is no need to befog the issue by references to the Cambridge manifesto saying that such a policy is wrong, or by asking its signatories to specify how else the authorities could bring inflation under control, or by speculating on whether those who fix wages and prices will learn to react to the policy and "enable interest rates to fall back" (this seems to mean money rates).

(Professor) W. B. Reddaway.
University of Cambridge,
Faculty of Economics and Politics,
Sidgwick Avenue, Cambridge.

Apprentice intake

From the Director, Metallurgical Plantmakers Federation.

Sir,—Allan Pike highlighted (March 26) the large numbers of redundant apprentices.

The Government through the Manpower Services Commission is helping when apprentices are declared redundant and will also give some financial help when companies take on apprentices in excess of their average intake. But, no assistance is available to those engineering companies who because of the recession and the high cost of training apprentices, are having to cut back or even stop, their annual intake.

A large sum of money is being spent by Government on short term palliatives to meet redundancy and unemployment but which makes no contribution to the progressive development of the traditional skills and inventiveness of our manufacturing engineering industry. Also, unless the flow of apprentices is maintained, the requirements for skilled men when the economy improves will not be met.

In the present economic circumstances there is a substantial case for grant support to those firms who have regularly had an apprentice intake but who now find that they can no longer support the swingeing training costs.

Donald A. Pocock,
7, Ludgate Broadway, EC4.

Running an hotel

From Mr. E. Ronay

Sir,—I refer to Mr. Barry Riley's most objective report and interview with Sir Charles Forte (April 3) and the comment on the Pierre hotel in New York. My organisation graded the 22 top hotels in New York 18 months ago by the same inspection methods we apply in this country. The Pierre came out very convincingly as the best with 93 per cent, its nearest rival having only 85 per cent. Also, having stayed at the Pierre on seven or eight occasions over the past three years, I find it irritating and unjust that some people should still advance the argument that Trust House Forte should not run a luxury hotel.

Egon Ronay.
Greencoat House,
Francis Street, SW1.

Standards of service

From the Secretary, Central Transport Consultative Committee

Sir,—It was a pity that David Churchill's article "Seeking data on service standards" (April 2) gave the impression that no progress is being made towards making nationalised industries more publicly accountable.

As the consumer committee for British Rail, we have long accepted the need for service quality performance to be monitored and have been involved in discussions with British Rail and the Department of Transport. The committee's aim is to develop a number of quality-of-service indicators of direct interest to the consumer and to get them published. Agreement has been reached with British Rail concerning the setting of realistic targets about passenger train punctuality and train cancellations to be published at a local level where the information will be of most relevance to the individual user. Each indicator would be accompanied by a commentary outlining the main reasons for any failure to achieve the targets.

My committee is also discussing with British Rail consumer performance indicators for proficiency in answering telephone enquiries; load factors; station rebuilding/renovation and rolling stock refurbishment progress and carriage cleaning. In view of the progress being made we feel that any suggestion of legislation to enforce the publication of performance ' information would be inappropriate.

L. A. Dumelow.
3-4, Great Marlborough Street, W1.

Charges to students

From Mr. J. Bourlet

Sir,—David Dodwell's article (April 3) "International protests over foreign student fees rise" noted the understandable complaints from many third world countries about student fees of between £2,500 and £6,000 per year.

In all fairness however, one should surely note that large numbers of foreign students — at a guess around a third — have had their fees substantially reduced from levels existing two years ago. This arises because, under EEC directives, Britain must charge EEC foreign students the same fees as British students. Any British students who wish to study in other EEC countries receive a similar subsidy there of course.

Naturally one hopes that a good response can be found to the inevitable petty accusations about "exploiting the poor to subsidise the rich."

James Y. Bourlet.
City of London Polytechnic.
Department of Economics and Banking,
School of Business Studies,
84 Moorgate EC2.

Part of a rich pattern

From Mr. L. Anderson

Sir,—Michael Coveney (April 2) is entitled to his opinions about the Royal Court and its tradition. But he should get his facts right. In his account of the notorious Hilary Spurling affair, he manages to make four mistakes in five lines.

The Royal Court did not "try to ban critic Hilary Spurling;" nor was the responsibility particularly mine. It was Bill Gaskill, Anthony Page and I who jointly decided to invite Mrs. Spurling to no further Royal Court openings. No attempt was made to "ban" her from the theatre, though of course the term made (and makes) better journalistic copy. Nor did we "try" to — we actually did — withdraw Mrs. Spurling's invitations for about six months. It was only as a result of the Arts Council's preposterous threat to axe the theatre's subsidy that the English Stage Company crumpled and put Mrs. Spurling back on their free list.

This stimulating altercation (during our time of critical disgrace, the Royal Court did exceptionally well) had nothing to do with David Storey. It began because Mrs. Spurling chose to depart noisily from the first performance of a quite short play by Peter Gill in the Theatre Upstairs. It was her judgement on D. H. Lawrence that we found shallow and unhelpful. There was a good deal more humour about the episode — and about the Royal Court generally — than Mr. Coveney seems to appreciate.

I don't know quite what is meant by the statement that I was "openly hostile to the fringe generation." Or who Mr. Coveney has been gossiping with to allege that Oscar Lewenstein refused to do political plays "about England." I suspect he simply rates certain writers, who have since achieved respectability at the National Theatre, more highly than we did.

It's nice, though, to be reminded that we were all part of a "rich pattern." Thank you for that.

Lindsay Anderson.
9 Stirling Mansions,
Canfield Gardens NW6.

Gas standing charge rise

From Mr. R. Holden.

Sir,—Mr. J. Sykes (March 31) refers to some grim gas price increases for industrial users. Can I provide some figures relating to a different category of customers and a different type of charge and one which does not even have the virtue of encouraging economy of fuel? One, too, where the increase is proportionally even more dramatic.

Segas has this year put up its standing charge for domestic users by 178 per cent. There is a further increase in the pipeline. At this 178 per cent rate of augmentation a single retired person relying on the national basic pension alone would find in four years' time his entire pension income plus about a further £200 would be needed to pay for his gas standing charge. In 10 years' time the sum would be £661,694. This scale of increase is being perpetrated in days of affluence for British Gas. Many pensioners will be paying around twice as much for this charge as for gas supplied.

With such a policy a non-monopoly would quickly go out of business. What moral justification can there be for such a senseless increase which no way helps to conserve our North Sea resources? I would not decry an increase compatible with inflation (15.1 per cent) or even something reasonable in advance of inflation to encourage economy and help preserve supplies for our children.

R. Holden,
49, The Hall,
Blackheath, SE3.

Today's Events

GENERAL

UK: UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-March).

London clearing banks' monthly statement (mid-March).

Vehicle production (March provisional).

British Rail Property Board financial performance results for 1980.

Ross Report on Fish.

Northern trade unionists lobby Parliament.

Overseas

European Parliament debating in plenary session Community's position on Multi-Fibre Agreement for textiles, Strasbourg.

Lord Carrington, Foreign Secretary, in Japan.

Swedish Prime Minister on official visit to China.

PARLIAMENTARY BUSINESS

House of Commons: Supply day debate on youth unemployment. Ways and Means resolution on Transport Bill. Motion on salaries of members of European Parliament. Queen's University, Belfast (NI) Order. Opposed private business.

House of Lords: Companies (No. 2) Bill, report. Matrimonial Homes and Property Bill, third reading. Interpretation of Legislation Bill, report.

Select Committees: Employment. Subject: Homeworking. Witnesses: CBI Wages Councils (Employers) Consultative Committee; National Federation of Self-Employed and Small Businesses; Retail Consortium (4 pm. Room 8). Procedure (Supply). Subject: Supply procedure. Witness: Mr. Joel Barnett, MP (4.15 pm. Room 15). Armed Forces Bill. Witnesses: Ministry of Defence officials (5 pm. Room 5). Parliamentary Commisioner for Administration. Subject: Report of Parliamentary Commissioner. Witnesses: Department of Health and Society Security (5pm. Room 6).

COMPANY MEETINGS

English and New York Trust, 20, Fenchurch Street, EC, 3.45. Heywood Williams, George Hotel, Huddersfield, 11.45. Pentland Investment Trust, 3, Albyn Place, Edinburgh, 12. Winterbottom Energy Trust, Great Eastern Hotel, EC, 11.

Destocking hits Highland Distilleries at half year

AS A RESULT of increased sales at home and despite lower exports, group turnover of Highland Distilleries for the half year to February 28, 1981 rose from £38.43m to £44.57m. However pre-tax profits fell from £3.03m to £2.46m.

The directors say that the Famous Grouse brand continued to increase sales in the home market, especially in England. *Exports of the brand have* increased for the first quarter of 1981, but were lower for the half year under review. Sales of both fillings and mature whisky were well down on last year.

They say that this decrease reflects the effect of the recession and destocking. Commenting on the Budget, they say that it is particularly disturbing for the company to *be faced with a further substan*tial increase in excise duty. Local authority rates increases averaging 30 per cent in Scotland cannot be described as helpful, they add.

A same again interim dividend of 0.8p per 20p share is to be paid. Last year a total of 2.6p per share was paid. This will again absorb £491,000.

After charging £244,000 (£221,000) for depreciation, trading profit came out at £2.87m (£3.13m). Investment income was unchanged at £182,000 and interest charges emerged substantially higher at £584,000 (£278,000).

Tax for the half year took £211,000 (same), and fixed asset expenditure for the period was £386,000 (£1.06m).

Mr. John Macphail, chairman, *said later that sales had been* "pretty quiet" since the Budget, and he would be surprised if they pick up much this year.

The group thinks its Famous Grouse managed to increase its UK market share of 2 per cent to around 8 per cent, with volume rising some 10 per cent.

Highland's distilleries are currently operating at just over 50 per cent capacity, compared with between 80-85 per cent this time last year. Exports fell by around 20 per cent in the first half, but are up by 7 per cent over the first three months of 1981.

Commenting on the full year, Mr. Macphail said indications are the second half could be "a bit better."

There are "flickers of optimism" on mature whisky sales. But much will depend on what effect the duty increases have on home sales, and whether the improvement in exports continues.

See Lex, Back Page

HIGHLIGHTS

Lex looks at the world financial markets in the light of firming U.S. dollar interest rates over the last few days and then moves on to the company news of the day. **Trident TV** *published* its annual accounts and Lex considers the company's prospects and ultimate rating now that it has to demerge its Yorkshire and Tyne Tees franchises. **Highland Distilleries** has faced the problems of the distilling sector but good gains by "Famous Grouse" has helped and in the event profits are only a fifth lower pre-tax. Finally Lex looks at the latest results from **Metallgeselschaft** showing a good profit gain and a higher dividend though there is a cautious note for the current year.

Blantyre falls and pays less

TAXABLE profits of **Blantyre Tea Holdings** fell from £598,772 to £445,585 in the year to September 30, 1980, and the directors are cutting the dividend by 1p to 5p net with a final of 3p.

After tax of £218,617 against £303,286, earnings per 25p share *are shown as 11.9p (15.4p) on a* net basis and 14p (18p) on a nil basis.

Turnover of the group, which *grows tea in Malawi,* edged ahead in the year from £1.34m to £1.36m.

Intasun to seek market placing

INTASUN LEISURE Group, the country's third largest tour operator, will seek a full Stock market quotation within a couple *of weeks.*

Mr. Stephen Matthews, a director of Intasun said yesterday, "we have been considering the *move for some time.* We feel that there could be commercial advantages to going public. It is possible that the directors might wish to use the paper for acquisitions in future."

Intasun, which employs 241 people in the UK, made a pretax profit of £1.8m on turnover of £30.7m for the year end March 31, 1980 against profits of £2.1m on turnover of £26.5m in the comparable period.

Chairman, Mr. H. Goodman, holds 47.42 per cent of Intasun's shares, with the private textile company Sir James Hill and Sons *holding 20.75 per cent* and the rest of the equity distributed among board members.

Bryant ahead to £3.7m. —confident for year

TURNOVER of **Bryant Holdings** improved by £2m to £46m for the half-year ended November 30, 1980, and taxable profits expanded from £3.26m to £3.73m. The directors are confident of fulfilling their forecast of creditable results for the full year.

This was expressed in their report on annual results which saw profits rising from £4.76m to a record £7.91m.

First-half earnings per 25p share are shown as 5.6p (3.9p) and the interim dividend is effectively increased to 0.85p (0.75p) net—last year's adjusted final was 1.75p.

In spite of the high interest rates and the shortage of mortgage money, the private housing *sector* had a very good six* months, the directors state. The property market was weaker, but the industrial and commercial developments are in prime positions and the steady demand for high quality properties "has enabled us to complete further lettings and achieve an important contribution to the group profit."

The directors add that again there will be a substantial development surplus in the full-*year's accounts* — last time it was £2.55m.

Contracting continued to operate on a satisfactory basis under *difficult circumstances,* and although turnover in the building and engineering sector was maintained, a reduction in this activity — which directors had *forecast* and planned for — is now taking place.

The group has maintained an excellent land bank, and borrowings are at a minimum level with unused bank facilities of over £10m.

Pre-tax figures included a much lower associates' share of £8,000 (£108,000), and was subject to tax of £1.49m against £1.69m. Net profit was £2.24m (£1.56m) of which the interim will absorb £340,000 (£300,000).

● comment

Bryant Holdings bullish statement for the current year appears to have been well-placed. Interim pre-tax profits are up by 15 per cent and shareholders *have a 13.3 per* cent dividend hike as evidence of the group's confidence in its future growth. Despite the recession, most divisions turned in an improved performance, rental income on property investments was the main money-spinner, with housebuilding treading water and a recovery *in the recently revamped con*struction side. Full-year earnings of £7.5m are in sight with Bryant reaping the *rewards of last* year's reorganisation in terms of about £500,000 saved on overheads and a similar saving on *interest charges.* The shares, which have been strong ahead of the results, shed 1p to close at 85p yesterday. Assuming a 2p final dividend, the prospective yield is nearly 5 per cent and the p/e, fully-taxed, is 9.35.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Alva Investment	5.6	May 29	5.08	10.5	9.1
Blantyre Tea	3	—	4	5	6
Bryant Hldgs. ...int	0.85	May 29	0.75*	—	2.5*
Highland Distills. ...int.	0.8	June 8	0.8	—	2.6
Reed Executive	nil	—	3	1.5	4.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Airsprung recovers in second half

SECOND HALF profits of Airsprung Group, bed manufacturer, jumped from £281,547 to £533,189 but the pre-tax figure *for the full year,* ended December 31, 1980, was behind at £548,365, compared with £806,960. Turnover was also down at £14.57m against £16.3m.

Earnings per 10p share were 6.3p (11.1p) and although the final dividend is maintained at 2.3p, the total for the period is reduced to 3.3p (4.7p) net.

Mr. John Yates, chairman, says that because of the general economic situation he is reluctant to make any forecast for the current year. But the group has taken the opportunity to improve controls which, together with the policy to keep the group as liquid as possible, will enable it to take advantage of any upturn in market conditions.

There was a strong recovery at Airsprung Limited in the second half. The group was able to maintain its competitiveness in difficult trading conditions and reasonable turnover was achieved in a falling market, the chairman adds.

The attributable balance for the year came through at £363,081 against £641,421 after tax of £185,749 (£163,167) and minority interests £35,000 (£2,372).

The company is traded on the market made by M. J. H. Nightingale and Company.

Reed Exec. plunges: no final

AS PREDICTED at the interim stage, **Reed Executive** fell into the red in the second half of 1980, incurring a loss pre-tax of £254,000, compared with a profit of £1.91m. Profits for the year as a whole of this Berkshire-based employment agent, selection consultant and self-service drugstore group, plunged from £3.16m to £249,000. Turnover improved by over £3.67m to £35.64m.

The chairman warns that the prospects for 1981 are bleak for the employment agent industry, *and he forecasts a group loss for* the first half of the current year. The directors do not expect a return to reasonable profitability until 1982.

The final dividend is being omitted (3p) leaving the net total for 1980 at 1.5p, against 4.5p.

After a tax credit of £71,000 (£946,000 charge) stated earnings per 10p share for the year dropped sharply from 21.08p to 3.04p.

Commenting on the results the directors say there was encouraging progress in Medicare—as a percentage of turnover, operating losses improved from 8 per cent in 1979 to 4 per cent in 1980. They anticipate further substantial improvement during the current year.

● comment

As Britain's unemployment level soars life gets harder at **Reed Executive.** Last year's level of job applicants, registrations and available positions fell 70 per *cent and current levels of* activity are still 60 per cent lower than the comparable period. Reed could make a full *year pre-tax loss of £500,000 or* more this time. The Medicare business, which accounts for 60 per cent of group assets, is still in the red (last year's loss was £400,000), though hopes of a good return in the future have not been abandoned. The passing of the final dividend means that last year's 1.5p payout produces a 5.7 per cent yield at yesterday's 39p, down 5p. Nevertheless, Reed ranks as a good UK employment agency and should be around and alive when the recession eases. The next gauge for this sector will *be Brook Street, due later this* month.

SPAIN

April 4	Price %	+ or −
Banco Bilbao	294	−2
Banco Central	335	−2
Banco Exterior	257	−8
Banco Hispano	290	−2
Banco Ind. Cat.	127	−1
Banco Santander	322	+1
Banco Urquijo	183	
Banco Vizcaya	783	
Banco Zaragoza	225	−2
Dragados	140	−2
Espanola Zinc	75	
Fecsa	58.5	
Gal. Preciados	30.2	−0.2
Hidrola	63	
Iberduero	53	
Petroleos	93	
Petroliber	70	
Sogefisa	85	
Telefonica	60.7	−0.3
Union Elect.	63	+0.3

Go-ahead for Stone Platt reconstruction scheme

A RECONSTRUCTION scheme for **Stone-Platt Industries,** the loss-making engineering group, has been approved by shareholders at an extraordinary general meeting.

A special resolution increasing the capital of the company from £17m to £27m by the creation of 40m shares (to be called convertible cumulative preferred ordinary shares) was passed.

Accordingly, the new banking, subscription and underwriting agreements which form the basis of the refinancing arrangements set out in the circular have now become unconditional.

Mr. David Hopkinson, for M and G Investment Management, which has a stake of nearly 10 per cent in Stone-Platt, said at the meeting that its holding was a "vote of confidence in the company."

He added: "We are not a fairy godmother. While we have money to help companies we are *not going to fritter it away.*" He asked Mr. Leslie Pincott, the chairman, to remind employees that in supporting the reconstruction scheme, M and G was putting forward the money of contributors to pension funds.

Suter dealings resume

Dealings in Suter Electrical, suspended since January 15 while negotiations for the purchase of Prestcold, the commercial refrigeration operation of BL, were completed, resumed yesterday.

The ordinary shares opened at 60p and moved up smartly to 68p, before dropping back to close at 65p. The deferred ordinary shares closed at 53p after reaching 62p during the day. The rights, having risen to 29p premium, closed at 23p premium.

SPIRAX-SARCO

SPIRAX-SARCO, the engineering company which launched a £10.5m rights issue on Wednesday, showed outstanding medium-term bank loans of £2.8m and bank overdrafts and other short term borrowings of £5.5m as of March 6 according to the fall document.

Britannic in good shape

THE WAYS in which the recession hit life companes last year are outlined by Mr. R. J. G. Williams, *chairman of* **Britannic** *Assurance Company, in his state*ment accompanying the 1980 repor and accounts.

First, new business became *progressively lower*—most of the 16 per cent rise in industrial branch and the 17 per cent in the ordinary branch was achieved in the first six months. Secondly, the number of surrenders rose (the industrial branch paid out £3.7m more) as many *people* suffering in these hard times casbed in their policies. Finally, some of the companies in which Britannic has *invested* cut their dividend payments.

But Mr. Williams reaffirms the company is in good shape to withstand the current difficulties. It is not losing faith in the companies in which it has invested because of the present problems.

The report and accounts show that life funds increased by £60m last year to £494m, with premium income in the indus*trial* branch up by 18 per cent, from £58.7m to £69.7m, and by 17 per cent in the ordinary branch from £16.2m to £19.1m. The expense ratio declined slightly in the industrial branch from 41.9 to 41.1 per cent, but rose substantially in the ordinary branch from 27 to 28.9 per cent.

During 1980 the company invested £28m in gilts, £23.4m in equities and made a further £8.8m net advance in the house mortgage market. The company invested £1.8m in property and intends to give increased atten*tion to its admittedly small port*folio.

Some recovery seen by Neil & Spencer

First half results of **Neil and Spencer Holdings** for the current year would show some recovery over the second half of last year, Mr. Stephen Proctor, chairman, told the *AGM.*

Trading conditions were still extremely difficult, although there were signs that last year's rapid deterioration might have abated.

Management shake up at Picker International

BY DAVID LASCELLES IN NEW YORK

Six of the eight senior executives of **Picker International**—medical electronics subsidiary of **General Electric Company**—based in Cleveland, Ohio, U.S., have been replaced in a sweeping management reorganisation.

Dr. Terence Gooding, president of *Picker*—two of the six included the president and treasurer—said he had retained the most competent personnel in *the reorganisation, which was* aimed at providing the company with a "more appropriate" management.

The two retained are Mr. C. R. Hullihen, a vice-president who will head the new x-ray and CAT scanner systems division, and Mr. R. F. Briggs who will be responsible for film systems and supplies.

The instruments division will *be headed by Mr. D. C. Mitchell,* president of Cambridge Medical Instruments.

Picker was formed out of GEC's recent purchase of Picker International from RCA, GEC's existing medical business in the UK, and the medical division of *Cambridge Instruments, and will* employ about 7,000 people. It will be GEC's largest U.S.-based subsidiary.

Ciba-Geigy redeems loan stock at £105

Ciba-Geigy (UK), part of the Swiss chemical group Ciba-Geigy, announced *yesterday that holders* of over £9.7m of the £10m 7¾ per cent convertible guaranteed loan stock, 1978/91, in issue have *opted for redemption* at *£105 per* cent (together with interest accrued to the date of redemption) on June 30, 1981.

The *company has* decided, under the terms of the trust deed, to give notice to the remaining stockholders that it will redeem their stock at £105 per cent (together with accrued interest to the date of redemption) on July 31, 1981.

FYFFES ACQUISITION

Fyffes Group has acquired the business of **Hinton and Woolgar,** *a direct handler of Fyffes* bananas

LONDON TRADED OPTIONS

(April 6 Total contracts 1007)

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	360	16	5	36	—	48	—	370p
BP	390	4	51	22	10	30	5	"
BP	420	1	52	12	3	17	1	"
BP	460	½	15	6	—	—	—	"
BP	500	½	—	3	20	—	—	"
Com. Union	130	39	—	44	—	47	1	176p
Com. Union	160	9	11	18	5	23	—	"
Cons. Gold	420	70	—	90	—	102	2	488p
Cons. Gold	460	30	9	60	—	80	37	"
Cons. Gold	486	12	24	—	—	—	—	"
Cons. Gold	500	—	—	38	1	60	—	"
Cons. Gold	538	3	2	—	—	—	—	"
Cons. Gold	638	¼	—	4	2	—	—	"
Courtaulds	50	14½	23	16¼	—	18½	—	64p
Courtaulds	60	5	23	8½	10	10½	—	"
Courtaulds	70	1	—	4	10	6½	12	"
GEC	500	178	4	193	—	—	—	673p
GEC	600	78	—	95	—	108	2	"
GEC	650	28	21	52	14	66	22	"
GEC	700	4	24	22	5	42	—	"
Grand Met.	160	33	8	39	—	42	—	192p
Grand Met.	180	13	29	22	1	27	—	"
Grand Met.	200	3	5	11	11	15½	1	"
ICI	240	18	9	34	—	46	3	256p
ICI	260	5	2	18	7	34	17	"
ICI	280	1½	3	11	1	24	9	"
Land Sec.	390	36	8	48	—	63	—	426p
Land Sec.	420	12	1	29	—	45	—	"
Land Sec.	460	1	35	11	—	23	—	"
Marks & Sp.	100	28	10	31	—	—	—	128p
Marks & Sp.	110	18	—	21	2	27	3	"
Marks & Sp.	120	7½	1	13	—	18	—	"
Marks & Sp.	130	3½	4	7	—	12½	3	"
Shell	360	10	1	28	16	44	—	384p
Shell	390	3	1	15	—	24	—	"
Shell	420	½	21	6	2	12	1	"
Totals			400		119		119	
		May		August		November		
Barclays B'k	390	20	6	53	—	43	—	398p
Barclays B'k	420	4	25	20	5	30	—	"
Imperial Gp.	70	6	45	10	—	10½	—	74p
Imperial Gp.	80	2	2	4½	8	5	—	"
Lasmo	550	17	27	42	—	62	—	539p
Lasmo	600	6	3	24	2	44	—	"
Lasmo	650	2	9	17	—	25	—	"
Lasmo	700	1	16	9	5	17	—	"
Lasmo	750	½	2	6	—	—	—	"
Lasmo	800	¼	5	3	—	—	—	"
Lonrho	90	6	26	14	2	16½	27	91p
Lonrho	100	3	—	8	3	11	37	"
Lonrho	110	1	7	5	26	7	5	"
P. & O.	130	19½	14	26½	—	29	—	149p
P. & O.	140	10½	19	19½	—	23	—	"
P. & O.	160	3	—	8	4	13	—	"
Racal Elec.	330	53	1	67	—	80	—	378p
Racal Elec.	360	30	6	47	—	60	1	"
Racal Elec.	390	10	4	28	—	42	—	"
RTZ	390	85	10	95	—	107	—	468p
RTZ	454	30	1	—	—	—	—	"
RTZ	494	10	2	—	—	—	—	"
RTZ	500	—	—	27	14	45	—	"
Totals			230		69		70	

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1980-81 High	Low	Company	Price	Change	Gross Div (p)	Yield %	P/E
75	39	Airsprung	71xd	+ 1	6.7	9.4	6.4
50	21	Armitage and Rhodes	49	− 1	1.4	2.9	20.2
192	92½	Bardon Hill	190	—	9.7	5.1	7.1
98	88	Deborah Services	98	—	5.5	5.6	4.9
126	88	Frank Horsell	104	− 1	6.4	6.2	3.3
110	39	Frederick Parker	50	—	1.7	3.4	21.7
110	70	George Blair	70	—	3.1	4.4	—
110	59	Jackson Group	107	—	6.9	6.4	4.0
124	103	James Burrough	118	—	7.9	6.7	9.7
334	244	Robert Jenkins	320	—	31.3	9.8	—
55	50	Scruttons "A"	57	—	5.3	10.4	3.7
224	210	Torday	210	− 2	15.1	7.2	3.6
23	8	Twinlock Ord.	10¼	—	—	—	—
90	69	Twinlock 15% ULS	72	—	15.0	20.8	—
56	35	Unilock Holdings	45	− 1	3.0	6.6	6.9
103	81	Walter Alexander	100	—	5.7	5.7	5.5
263	181	W. S. Yeates	258	− 2	13.1	5.1	4.9

Provincial and Hawley Leisure in agreed merger

MR. MICHAEL ASHCROFT has decided to combine his wide spread of leisure and industrial interests through an agreed bid by Hawley Leisure for Provincial, which is in the office and industrial cleaning, building maintenance and security businesses.

The bid values Provincial, in which Mr. Ashcroft has a stake of 32 per cent, at over £18.5m. The combined market capitalisation at present prices is around £35m.

Provincial has a 21 per cent stake in Pritchard Services, another office cleaning and building maintenance concern. The stake was acquired for a cost of nearly £4.5m, but is currently worth some £10m in the market.

Earlier this year, Provincial sold its laundry interests to St. George's Laundry for £1.3m.

Further possible action on Pritchard, said Mr. Ashcroft, chairman of both Hawley and Provincial, "is not at the forefront of our thinking now, either one way or the other."

Hawley is, in effect offering one of its own shares for one of Provincial's, though Hawley is to undergo a capital reorganisation which will alter the actual exchange terms. Hawley's interests cover amusement and gaming machines, sports goods, leisure wear and furniture.

Hawley intends to consolidate five of its 5p ordinary shares into one new share of 25p nominal and then make a two-for-one scrip issue. Thus the actual bid terms will be three new Hawley shares for five of Provincial. Last night, Hawley's shares closed 5½p lower at 57p, with those of Provincial down by 3½p at 54p.

Once the acquisition has been made, Mr. Ashcroft, who once worked for Pritchard's corporate division on the acquisition side, will own nearly 17 per cent of the combined company.

Provincial in turn owns 15.7 per cent of Hawley, bought last September when it acquired Prospect House Investments (formerly Michael A. Ashcroft Holdings). These shares will not be put on the market in order not to weaken the share price, but will be kept while other means of disposal or possible cancellation are considered.

Hawley's acquisition of Provincial will create a group with pre-tax profits of over £2m, based on 1980 results, or over £4m taking estimates for this year made by each company's brokers.

Also out yesterday were results of Provincial, showing turnover up from £2.95m to £11.05m and pre-tax profits up from £313,000 to £991,000. Net assets at the end of December totalled £8.3m. It proposes a dividend of 1.16p (0.58p).

Hawley's profits last year rose from £520,000 to £1.2m before tax, with net assets amounting to £6.1m at the end of the year.

Also included in the deal is the proposed £235,000 acquisition by Hawley of the 75 per cent holding owned by Mr. Ashcroft and his wife in Michael A. Ashcroft Services, which provides merger broking and management services, and includes Hawley and Provincial among its clients. Net assets of £100,000 and 1981 pre-tax profits of £120,000 are being warranted for Services by Mr. Ashcroft.

The board of Hawley, its advisers Barclays Merchant Bank, and Provincial intend to vote their combined 22 per cent of the company's shares in favour of the deal. Provincial directors, advised by Henry Ansbacher, intend to do the same for their 35.6 per cent of Provincial.

LE VALLONET IN BID TALKS

Le Vallonet Company, a Jersey-based investment trust, says that talks are taking place which could lead to an offer being made for the company. Dealings in the shares have been temporarily suspended at 43p capitalising the trust at just over £1m.

SCOTTISH METROP.

Scottish Metropolitan Property announces that Royal Insurance will convert at April 30, 1981 the £3m 6½ per cent convertible mortgage loan (advanced on December 10, 1973) into ordinary shares of Scottish Metropolitan.

The number of shares to be issued will be 4,492,125 and they will rank only for a proportionate part from and including April 30, 1981 to August 15, 1981 of any dividends in respect of the year ending August 15, 1981.

Following the conversion, Royal will hold 13,937,222 shares in the company (21.13 per cent of the increased capital).

E. Produce and Lawrie bid for Ruo

Eastern Produce and Lawrie Plantations are mounting a joint bid under the automatic rules of the takeover code for Ruo Estates Holdings, another tea planter with estates in Malawi.

Mr. Malcolm Perkins, managing director of Eastern and a director of Ruo, said yesterday that if the bidders did not get 100 per cent acceptance he would not be worried.

The move was largely intended to be defensive, Mr. Perkins explained. Eastern owned 32.6 per cent of Ruo before the announcement of a purchase of 10.36 per cent yesterday. Lawrie, which owns 12 per cent of Eastern, owns a further 4.9 per cent of Ruo.

The other notifiable shareholder has been Warren Plantations, with 10.1 per cent. It is this stake which Eastern appears to have bought as a move to prevent any third party from acquiring a sizeable stake in Ruo.

The price paid for the stake, acquired through the market, was 58p. This is the price now being offered to all other shareholders under the takover code rules.

Eastern and Lawrie are acting in concert in the bid and Eastern has agreed that if acceptances exceed 51 per cent Lawrie will keep its own 4.9 per cent and buy (at 58p) any excess shares.

POSSIBLE OFFER FOR ANGLO METROPOLITAN

Anglo Metropolitan Holdings, the British-based property company, is involved in talks which could lead to a bid being made by First Pennsylvania Mortgage Trust the U.S. real estate investment trust.

Shares in Anglo rose 5p to 112p on the London Stock Exchange.

Anglo said yesterday that around half of First Pennsylvania is owned by the same British institutions and individuals which own roughly half of Anglo. A takeover would therefore be a "tidying-up operation."

Major shareholders of both Anglo and First Pennsylvania include Britannia Arrow, M and G and Hallwood Metropolitan Holdings.

Anglo as at March 31, owned property assets valued at £3.8m, while First Pennsylvania at July 31, 1980, reported properties and mortgage loans on properties with a book value of US$68.2m (£31m).

RHM AGRICULTURE SCOTTISH MERGER

RHM Agriculture is to merge its Scottish merchanting companies RHM Agriculture (Caledonia) and RHM Agriculture (Central Scotland) to form RHM Agriculture (Scotland). Mr. Michael Frayne has been appointed managing director.

He said: "The new company has been formed to improve efficiency and customer service. Savings will be made in administration costs and the offices at Aberdeen will be vacated. The production facilities at Glasgow, Turriff and Dufftown will be maintained."

Some redundancies will arise as a result of the merger.

BIRMINGHAM MINT ACQUIRES T & S

Birmingham Mint has acquired Turner and Simpson the Birmingham medallists, badge manufacturers and silversmiths, for £200,000 cash.

Net tangible assets of Turner and Simpson at December 31, 1980 were £235,000. Pre-tax profit for the year to that date was £21,000 on turnover of £417,000.

Turner and Simpson will continue to operate under the management of Mr. W. A. Silvester as a division of Birmingham Mint's subsidiary J. R. Gaunt and Son.

DENBYWARE ACCEPTANCES

Crown House, whose bid to take over Denbyware is being fought by the group's directors, had received acceptances in respect of 2,156 of the 3,101,098 Denbyware shares it has offered for at 3 pm on April 2.

In a letter to shareholders, Mr. George Robinson, chairman of Denbyware, repeats the advice of the group's board that the offer should be ignored.

ROBERTSONS FOODS

On April 1, Mr. R. C. Robertson, chairman of Robertsons Foods, exercised an option over 30,000 ordinary shares and, on same date, sold 237,945 ordinary at 179p.

Also, Mr. G. Cunliffe, managing director, exercised an option over 7,000 ordinary and sold 9,414 at 179p.

As a result the non-beneficial holding of Mr. G. Cunliffe has decreased by 116,000 ordinary shares.

HERON MOTOR

On March 26 Heron Motor Holdings, a wholly-owned subsidiary of Heron Corporation, acquired that company's entire interest (both registered and beneficial) in the share capital of Heron Motor Group, namely 26,789,372 ordinary shares.

In addition, on the same date, HMH acquired the entire interest of Heron Finance Corporation in the share capital of Heron Motor Group, namely 289,877 ordinary shares. HMH is therefore interested in 27.08m shares in HMG (68.07 per cent).

NO PROBE

The merger of LK Industrial Investments and Central Manufacturing and Trading is not being referred to the Monopolies Commission.

Hodder and Stoughton to enter paperback market

Hodder and Stoughton, the publisher, is making a major move into mass paperback book publishing. It is buying New English Library, the British book publishing company, from the Times Mirror Company—the U.S. publisher of the Los Angeles Times, the Dallas Times Herald, the Hartford Courant and Newsday. The deal is worth £2.4m.

Agreement has been reached in principle between the two groups for the acquisition by Hodder of New English Library, and it is expected that the purchase will be completed by May 1.

In 1980 New English Library's sales totalled £6m, supported by best selling authors like Harold Robbins, James Herbert, Irwin Shaw, Robert Heinlein and George Gilman.

Hodder and Stoughton said yesterday that the latest pre-tax profit figures for New English Libary, for 1980, were not known but added that in previous years New English had been "modestly profitable."

Times Mirror and Hodder and Stoughton said they believed the future growth of New English Library is best assured by its becoming a part of a larger UK publishing group.

New English Library will remain a separate entity and will continue to trade under its own imprint. Some functions will, however, be integrated within Hodder and Stoughton. The link between New American Library, part of Times Mirror, and New English Library will be preserved.

In its financial year ending March 31 Hodder and Stoughton reported sales of around £19m, a small proportion of which came from paperback sales, and pre-tax profits of £710,000. Among authors which it publishes in paperback are Jeffrey Archer, Mary Stewart and James Clavell.

Under the deal Times Mirror is to be responsible for meeting the debt of New English Library.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals.

TODAY

Interims:—	
Austin (F.) (Leyton)	Apr. 10
Burton	Apr. 10
Land Investors	Apr. 14
Linread	Apr. 15
Finals:—	
Aberthaw and Bristol Channel Portland Cement	Apr. 14
Anglo American Investment Trust	Apr. 15
BSG International	Apr. 30
Canadian and Foreign Investment Trust	May 7
First Chicago Corp.	Apr. 10
Helene of London	Apr. 14
London and Holyrood Trust	Apr. 16
London and Provincial Trust	Apr. 16
Rio Tinto-Zinc	Apr. 14
Rowan and Boden	Apr. 16
Sparrow (G. W.)	Apr. 21
Steel Brothers	Apr. 23
Supra	Apr. 10
Vickers	Apr. 23

JEFFERSON SMURFIT

Jefferson Smurfit, the Irish paper and packaging group, may speed up its plan to acquire the outstanding shares of the Alton Packaging Company, the U.S. corrugated containers and folding cartons company in which it already has an 80 per cent stake.

Under a 1979 agreement between the two companies, Smurfit is obliged to acquire all the Alton shares by no later than January, 1983.

Smurfit said yesterday it was considering the possibility of bringing forward the acquisition of the balance of the shares to this summer.

The agreement provided that the price to be paid for the shares will be a fair price, as approved by a committee of independent Alton directors, but no less than $22 per share.

Exploratory talks between the two sides are expected to commence shortly. If they do not lead to a mutually satisfactory price, Smurfit is required under the agreement to make a tender offer this summer for a minimum 16¼ per cent of the outstanding Alton shares at the minimum price.

Edinburgh Gen. Insurance acquisition

Negotiations are at an advanced stage for Edinburgh General Insurance Services to acquire Andrew and Booth, a private motor insurance broking company operating nationwide through retail outlets.

The successful completion of the acquisition would represent a major expansion of Edinburgh's insurance broking activities and can be expected to provide a sound basis for future growth, the directors state.

Edinburgh has requested the Stock Exchange to suspend temporarily dealings in its shares.

AID PURCHASE

Allied International Designers Group has acquired 90 per cent of the capital of Dalton Viewing and Whitsey, which carries on business as designers of special programs for micro chips and designs and develops microprocessor-based products for improving the performance in both industrial equipment and consumer goods.

Consideration payable is £30,500, comprising £16,500 cash and 56,000 ordinary shares of 10p. The two executive directors of DVW, who have signed service agreements for three years, will receive 40 per cent of the profits after tax for the three years ending March 31, 1984.

DVW had accumulated losses of £9,000 at October 31, 1980, including a loss before tax of £16,500 for 1979-80. However, management accounts indicate that the company has been trading profitably during the four months to February 28, 1981.

BOC sells aviation division

Western Scientific Instruments, the institution-owned holding company, has acquired the BOC aviation business from Medishield Corporation, a subsidiary of BOC International, the industrial gas group. The deal is worth around £300,000.

BOC Aviation, which develops and manufactures aircrew life-support systems and associated ground support equipment, will be managed by Negretti and Zambra (Aviation) which was recently acquired by Western Scientific.

BOC International described its aviation interests as a small, highly specialised operation, remote from the group's mainstream activities, which include welding, carbon graphite products and health care. The group said that under the management of a company engaged primarily in the aerospace industry, it would have a better opportunity of realising its full potential. "We are pleased to have been able to sell the business as a going concern, with the workforce being offered continuing employment by the new owners."

BOC Aviation has 130 employees and is currently based at Medishield's medical equipment factory at Harlow, Essex. The new owners will relocate the operation to another factory in the same area.

Western Scientific said the move was designed to strengthen the aviation instruments activities which it acquired with Negretti and Zambra.

SHARE STAKES

Manchester Ship Canal — Globe Investment Trust holds 5.125 per cent of ordinary capital.

Smith and Nephew—Mr. K. R. Kemp, director, disposed of 25,620 ordinary shares.

Ferry Pickering Group—Mr. P. G. Nixon disposed of 20,000 shares.

Highland Electronics—Mr. M. Cohen disposed of 50,000 ordinary shares.

Capital Gearing Trust—Roycan Nominees "B" account sold total holding of 117,000 ordinary shares. Lt.-Col. H. C. E. Harding, director, sold 25,007 ordinary shares.

S. Pearson and Son—on March 9, the Dickinson Trust and the Cowdray Trust jointly disposed of 99,615 shares leaving holding at 1.13m shares. On March 23 the Cowdray Trust disposed of 2,051 shares leaving holding at 4.27m.

Lynton Holdings—M. Lambert, director, has sold 40,000 shares at 280p leaving holding 2.7m shares (27.18 per cent)—including trusts.

Zimbabwe listing for T & N

THE Turner and Newall Group is to obtain a listing on the Zimbabwe Stock Exchange later this year as a result of the proposed reverse takeover of the Salisbury-based conglomerate, Mashonaland Holdings by the T and N group's Zimbabwean industrial subsidiary, Turnall Holdings.

A circular to shareholders from Mashonaland says its Board "unreservedly and unanimously" recommends acceptance of the reverse takeover proposals, which will give T and N some 73.5 per cent of the equity in the new enlarged group.

The takeover does not involve T and N's very large Zimbabwean asbestos mining interests but is restricted to the group's industrial interest. These achieved a turnover of some Zimbabwe $24m (£16.6m) in the year to 1980 and an after tax profit of $5.1m (£3.5m).

The profit record shows that the T and N industrial interests grew very substantially in the last few years of economic sanctions with pretax profit doubling between 1976 and 1979. No dividends were paid in the 15 years between 1965 and 1980 and in the 1976-80 period, T and N took over three companies. Its Zimbabwean interests include plastics and industrial materials, automotive components, construction and engineering materials and chemicals.

ASSOCIATES DEALS

On March 31, S. G. Warburg and Co., as an associate of Grand Metropolitan bought on behalf of a discretionary investment client 2,000 ordinary shares of Grand Metropolitan at 194p.

On March 31, S. G. Warburg and Co., as an associate of Trusthouse Forte bought on behalf of discretionary investment clients 3,500 ordinary shares of Trusthouse Forte at 217½p and sold on behalf of discretionary investment clients 100,000 at 217p.

Albright & Wilson outlook

In their annual report of Albright and Wilson Mr. G. H. Meason, chairman, and Mr. D. W. Livingstone, deputy chairman and managing director, say that the strength of sterling during the coming year against the dollar and the "basket" of currencies must profoundly influence not only the company's trading performance but also the type and level of investment it would be prudent to foster in the UK.

It may be, they warn, that further structural changes in the business will be called for.

They say that prospects for 1981 are governed by a number of factors outside the control of the company—notably the timing and speed of recovery from recession in the UK and overseas, exchange rates and the trend of inflation.

For the company's part, they say steps taken in 1980 to reduce costs and improve productivity will bring benefits in 1981 which the directors hope will outweigh the effects of adverse external circumstances and lead to an improvement in the company's results.

As already known, taxable profits of this chemical producer, which is a wholly-owned subsidiary of Tenneco Inc, fell during the year ended December 29, 1980, from £19m to £1.8m on sales of £424m, compared with £394.9m. The surplus was struck after higher interest charges of £11.4m (£5.4m).

At year-end, shareholders' funds stood at £152.7m (£161.7m). The accounts show an increase in bank borrowings of £23.8m (£30.1m) and a reduction in loans of £9.1m (increase £7.2m).

RESULTS AND ACCOUNTS IN BRIEF

AUTOMATED SECURITY (HOLDINGS) (security alarms)—Results for year ended November 30, 1980 reported March 31 with prospects. Shareholders' funds £5.47m (£4.08m). Loans £2.32m (£2.17m). Bank overdrafts (secured) £1,663 (£383,222). Bank and cash balances £904,050 (£43,165). Meeting, 25-26 Hampstead High Street, NW, April 27, noon.

TITAGHUR JUTE FACTORY COMPANY—Results for year ended June 30, 1980 reported March 21. Net current assets £1.05m (£3.48m liabilities). Bank overdrafts £2.5m (£4.2m). Meeting, Calcutta, April 30.

INVESTING IN SUCCESS EQUITIES—Results for January 31, 1981 year reported February 25. Shareholders' interest £18.92m (£14.41m). Market valuation of UK listed investments £7.34m (£5.31m), overseas £15.52m (£10.97m), unlisted at directors' valuation £17,416 (£21,498). Cash £463,996 (£1.16m). Unrealised appreciation £8.55m (£5.2m). Meeting, King William Street, EC, April 28, 12.32 pm.

SCOTTISH EASTERN INVESTMENT TRUST—Results for year ended January 31, reported February 20. Investments totalled £111.63m (£99.11m)—UK listed £82.72m (£83.26m). Shareholders' interest £109.44m (£94.38m). Meeting, Edinburgh, April 27, 12.30 pm.

SALE TILNEY AND COMPANY (industrial holding)—Results for November 30, 1980 year reported March 20 with prospects. Shareholders' funds £10m (£8.98m). Bank overdrafts £3.1m (£2.69m). CCA profit £868,000 (£1.84m historical). Meeting, 28 Queen Annes Gate, SW, April 29, 12.30 pm.

MARTIN FORD (ladies' wear retailer)—Results for year ended November 29, 1980 reported February 12 with prospects. Shareholders' interest £3.58m (£3.49m). Bank overdraft £94,109 (nil). Cash and short-term deposits £860,886 (£997,928). Meeting, Winchester House, EC, April 28, noon.

GARTON ENGINEERING—Results for 1980 already known. Shareholders' interest £5.16m (£5.42m). Bank overdrafts and advances £1.51m (£1.29m). CCA loss £786,280 (£125,180 profit historical). Meeting, Wolverhampton, April 29, noon.

CARLTON INDUSTRIES (batteries, whisky, housebuilding)—Results for 1980 reported March 7. Shareholders' funds £60.82m (£53.82m). Bank overdrafts £3.15m (£18.33m). Hawker Siddeley Group held 51.2 per cent at December 31, 1980. Meeting, Bristol, May 20, 12.30 pm.

WEBER HOLDINGS (investment and property)—Results for 1980 reported February 24. Shareholders' funds £1.46m (£913,646). Bank balances and cash £1m (£396,181). Meeting, 63-65 Piccadilly, W, April 24, 2.30 pm.

INVESTMENT TRUST OF GUERNSEY—Net asset value at March 30, 1981 was 464p per share ex-dividend.

ISLE OF MAN ENTERPRISES (self-catering holiday group)—Results for the year to October 31, 1980, reported March, 1981. Shareholders' funds £599,658 (£516,976); government grant £221,774 (£73,263); loan capital £289,146 (£103,871); fixed assets £1.29m (£670,108); current assets £33,963 (£166,452); current liabilities £196,730 (£114,787); decrease in working capital £77,882 (£23,826). Level of bookings for 1981 season down on last year, but Mr. D. K. B. Nicholson, chairman, hopes ground will be recovered by last-minute bookings. Meeting, Isle of Man, April 27, noon.

ADNAMS AND CO. (brewer, wine and spirit merchant)—Results for the year to end-December, 1980. Pre-tax profit £583,179 (£480,569). Sales £4.84m (£3.96m). Tax £201,561 (£195,808). net balance £381,618 (£284,761). Earnings per £1 share excluding stock relief release 66p (46p)—including stock relief release 82.1p (56.9p). Meeting, Southwold, April 27, noon.

ANGLO INTERNATIONAL INVESTMENT TRUST—Stated net asset value of dividend shares at March 31, 1981 approximately 35.5p and about 276p for the asset shares. At year end December 31, 1980 net assets per asset share 262.4p (209.33p).

AUTHORITY INVESTMENTS—Results for the year to September 30, 1980, reported April 6. Shareholders' funds £1.91m (£1.79m), valuation of investments £1.03m (£1.02m). Meeting, Cadogan Hotel, SW, April 29, noon.

LUIS GORDON GROUP (importer and distributor of sherries, wines and spirits)—Results for 1980 reported March 30. On CCA basis historic pretax profit £50,000 (£475,000) reduced to loss £190,000 (£269,000 profit). Fixed assets £1.05m (£934,000); current assets £10.84m (£12.21m); current liabilities £9.37m (£10.41m) including bank loans and overdrafts £7.84m (£8.32m); deferred loan £750,000 (£1m); shareholders' funds £1.98m (£1.95m). Meeting, Caxton Hall, SW, April 30, noon.

BEATSON CLARK (glass container manufacturer)—Results for the year to December 27, 1980, announced March 24. On a CCA basis historic pre-tax profit of £1.25m (£1.73m) reduced to £211,000. Shareholders' funds £29.39m (£17.1m), including £11.6m surplus from revaluation. Bank overdraft £1.45m (£848,000). Meeting, Sheffield, April 30, 12.30 pm.

TRANSPORT DEVELOPMENT GROUP—Results for 1980 reported on March 13, 1981. Shareholders' funds £117.57m (£110.82m); bank loans and overdrafts £4.6m (£4.34); debtors £47.73m (£52.05m); cash and deposits £10.97m (£8.17m). Meeting, Great Eastern Hotel, EC, May 1, at noon.

E. UPTON AND SONS (departmental stores)—No final for year to January 27, 1981. Interim 0.5p paid (total 2.75p). Turnover £5,445,290 (£5,660,587). Loss £27,132 (profit £158,974) after tax credit £24,078 (charge £172,300).

NORTH BRITISH CANADIAN INVESTMENT COMPANY—Final dividend for year to February 28, 1981 3.05p making 4.8p (4.25p) net, gross revenue £585,121 (£520,378), earnings per share 5.43p (4.89p), net asset value 120.9p (120.6p).

Companies and Markets

UK COMPANY NEWS

LASMO set to expand further

London and Scottish Marine Oil Co. is seeking opportunities in the UK and overseas to expand its exploration and production interests.

In his annual statement, Mr. G. W. Searle, chairman, says the company has the financial and technical capability to do this.

He reports that the integration of LASMO and Oil Exploration (Holdings) has taken place smoothly and that the company now has a strong nucleus of *senior technical personnel of* worldwide experience, supported by a well-qualified team, essential for the exploration and production programme.

The company has discovered in the UK sector of North Sea, reserves which will provide essential continuity to enable *planning of future progress with* confidence.

During last year successful drilling increased the companies *entitlement to recoverable oil* reserves so that it has more than replaced the oil produced to date.

Moreover, an exploration and appraisal programme in recent years has established recoverable reserves broadly equal to the company's shares in the Ninian field.

Production from these reserves, in South Ninian, T Block and Andrew, should commence in mid eighties, while additional identified oil reserves could be produced later in the decade.

"We hope that higher natural gas prices will be offered to justify development of our gas *discoveries" Mr. Searle says.*

Overseas, the company is particularly interested in exploration and its operations in the U.S. which have already been enlarged by an acquisition made early in 1980 and the more recent partnership for leases in the Williston Basin of North *Dakota.*

Poor first half in sight for Blagden & Noakes

Prospects for the first half of 1981 remain poor says Mr. J. K. Noakes the chairman of Blagden and Noakes (Holdings). The company is hoping for a marked upturn in the second six months which would be rapidly reflected *in the figures, he adds.*

In his last annual review Mr. Noakes says that it is intended to restore the dividend when trading recovers to at least the 1979 level following the cut in the payment for last year from 7.7p to 6p net.

Mr. Noakes says that the group will make further substantial savings on operations during the rest of the current year but an essential base for meeting any increase in trading *will* be maintained.

For 1980—as reported March 3—taxable profit slid from £5.65m to *£2.59m on sales some £1m* down at £60.2m. At the trading level the decline was from £5.84m to £3.08m with the group's major activity of making and reconditioning drums and casks diving from £3.07m to £1.36m on sales of £31.2m (£32.8m).

Towards the end of the year there was a slight improvement in new drum sales which has continued. Sales of small kegs and pails are returning to normal but in Scotland whisky cask demand is considerably lower and the two cooperages are on short time.

Though turnover from plastic mouldings, plating and transformers edged up to £12.3m (£11.9m) profit was cut from £1.69m to £856,000.

After many delays a new plating plant, regarded as one of the best in Europe, has been commissioned at Billericay.

"We continue to make every effort to diversify our range of proprietary plastic products although the short-term sales of these, too, have been hit by the *current trading situation,"* Mr. Noakes says.

Profit from chemicals fell to £446,000 (£613,000) on sales unchanged at near £14m. The chairman says the group's position in chemical manufacturing will be transformed by the £1.5m formaldehyde plant at Haverhill, Suffolk, due to be commissioned in June, and the purchase of the outstanding 76 per cent interest in resin manufacturer Cargill *Blagden.*

Industrial protective equipment showed only a marginal decrease in profit to £423,000 (£474,000) on sales of £2.91m (£2.87m).

At year end total group borrowing was up at £4.64m (£3.22m) while cash and short-term deposits were down at £0.48m (£1.1m) and all listed investments, previously amounting to £237,602, had been sold.

Working *capital* was down £2.33m (up £1.34m) and shareholders' funds stood at £13.74m (£12.58m).

CCA *profit was £844,000.*

Meeting, Connaught Rooms, WC, April 23 at noon.

Second half loss hits Br. Sidac

Following a second half loss of £1.24m, compared with a surplus of £1.22m, British Sidac, *maker of transparent cellulose* film, finished 1980 with a pre-tax deficit of £773,000 against a profit of £1.94m. Sales rose from £52.34m to £55.53m. Mid-year profits were down from £723,000 to £465,000.

Trading profits for the year plunged £2.31m to £1.92m.

The loss was struck after interest charges much higher at £1.14m (£740,000), depreciation of £1.64m (£1.59m) and after crediting share of associates' profit of £87,000 (£50,000).

There was a net loss of £1.94m (£886,000 profit) after tax of £635,000 (£553,000) and extraordinary debits of £528,000 (£504,000).

After debiting profits retained by subsidiary and associated companies of £112,000 (£108,000) there was a loss dealt in account of British Sidac of £2.05m (profit £778,000). There is again no ordinary dividend.

M. Mole loss slightly reduced

A marginally reduced pre-tax loss of £135,662 is reported by M. Mole and Son, manufacturer of ancillary equipment for the closed-circuit television industry, *for 1980. The 1979 deficit was* £150,621.

There is again no tax charge and the loss per *20p share is* shown as 5.88p (6.51p). Turnover fell from £1.76m to £1.51m and the loss was struck after lower *interest charges of* £89,574 (£113,562).

The dividend is again omitted—a single payment of 0.4125p net was made for 1978.

The directors say that following the cessation of manufacture in the hand tool division, the principal activity of the group *is now undertaken in the name* of the wholly owned subsidiary, Molynx. Accordingly it is the *intention to seek shareholders'* approval to change the name of the company to Molynx Holdings.

Midterm loss for Greencoat

A REDUCTION in the volume *of apartment sales, as the group* approaches the end of its Grancanal development in Paris, has left turnover of Greencoat Properties down from £2.04m to £920,000, and the property concern has suffered a pre-tax loss of £50,000 for the six months ended December 31, 1980, *against a £2,000 profit.*

The directors say that legal problems in France, resulting from the cancellation of the building permit are not yet finally resolved, but now that the impact of these problems on the group's position has decreased, they are in a position to develop and expand the UK portfolio.

Although it may be some time before the improved strength of the group shows through to the profit and loss account, the directors are confident that the group's net worth will materially improve in the coming years.

Results reflect little material *change in the group's position* since the chairman's annual statement last October—turnover for the June 30, 1980 year amounted to £5.09m (£2.55m) and pre-tax loss incurred was £161,000 (£660,000 profit).

There is no dividend—the last distribution was in December, *1975.*

Construction has now been *completed* in France, and there are 21 apartments, together with underground car parking spaces and storage which remain to be sold. The sales value of remaining stock is some £1.6m.

In the UK the group's development activity has been concentrated on mixed office and retail development at Kingston-upon-Thames.

Alva Trust revenue increases

Revenue before tax of Alva Investment Trust for the year to February 28, 1981, increased from £220,731 to £265,080, while gross income was up from £239,395 to £288,525.

At the half-year stage revenue *stood at £139,243 (£105,008).*

The directors are recommending a final dividend of 5.6p net (5.075p) per 25p share, making a total for the year of 10.5p (9.1p). The stated earnings per share are 11.04p (9.36p) and the net asset value is 223p (209p).

Tax for the year took £88,427 *(£70,890).*

Needlers' UK potential

Development plans of Needlers, confectionery manufacturer, are deliberately reducing *the level of profitability in the* short term, Mr. R. F. Needler, chairman and managing director, tells shareholders in his annual statement.

However the level of turnover—up from £6.16m to £7.51m in the year to January 3 last—shows that the group is increasing trade and consumer awareness of its principal brands, he points out.

The potential for the company *in the UK remains very good in*deed, Mr. Needler adds, and it is in a strong position to take advantage of opportunities which arise in a rapidly changing market.

But while the group hopes to continue to do better than the general trend, the chairman *says he cannot see that it will* obtain the full profitability of which it is capable until more buoyant market conditions return. This is unlikely in the current year and the full benefits of the investment programme will be looked for in 1982-83.

As reported on March 13, pre-tax profits slipped from £360,653 to £332,218. Shareholders' funds at the year end were up at £2.51m (£2.36m), cash and bank balances at £307,147 (£8,223) and there were medium-term loans of £338,250 (£63,750).

Meeting, Hull, April 28 at noon.

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		May		Aug.		Nov.		
GOLD C	F.500	58	50	3	75	—	—	F.533.50
GOLD C	F.525	26	31	6	60	—	—	"
GOLD C	F.550	242	21.50	68	40	11	57	"
GOLD P	F.500	10	8	—	—	2	23	"
GOLD P	F.525	2	16	19	25	—	—	"
		April		July		Oct.		
ABN C	F.300	6	2 A	10	6	—	—	F.291.50
AKZO C	F.17.50	15	5.30	10	5.50	15	5.90	F.23.10
AKZO C	F.20	14	2.80	97	3.20	23	3.70	"
AKZO C	F.22.50	24	0.80	166	1.60	28	2.50	"
AKZO C	F.25	30	0.30	61	1 A	16	1.60	"
AKZO P	F.20	—	—	20	0.70	6	1.10	"
AKZO P	F.22.50	17	0.70	—	—	12	2	"
AKZO P	F.25	25	2.10	7	2.5	10	3.20	"
HEIN C	F.50	8	10	—	—	—	—	F.60
HEIN C	F.55	16	5	—	—	—	—	"
HEIN C	F.60	36	1.40	35	3 A	10	3.50	"
HOOG C	F.15	5	5	—	—	—	—	F.19.60
HOOG C	F17.50	13	2.10	3	3.30	—	—	"
HOOG C	F.20	—	—	6	1.70 A	15	2.30	"
IBM C	$65	—	—	—	—	2	4½	$61⅜
IBM P	$65	12	4¼	—	—	—	—	"
KLM C	F.55	21	41	—	—	—	—	F.95.30
KLM C	F.65	7	31	—	—	—	—	"
KLM C	F.70	15	26	1	26 B	—	—	"
KLM C	F.80	22	15.20	8	16 B	—	—	"
KLM C	F.90	14	7.50 B	20	12	—	—	"
KLM C	F.100	43	2.30	26	8.30 B	—	—	"
KLM C	F.110	30	0.40 A	66	3.50	3	6	"
KLM P	F.70	—	—	20	1.30	—	—	"
KLM P	F.80	1	0.50	—	—	—	—	"
KLM P	F.90	20	2.30	1	5.80	1	10	"
KLM P	F.100	—	—	1	11.20	—	—	"
NATN C	F.120	14	3.80	2	5.50	—	—	F.122.40
NATN C	F.125	—	—	1	3.30	10	6.50	"
NATN C	F.130	—	—	—	—	10	3	"
PETR C	Fr.5000	—	—	1	190	—	—	Fr.4720
PHIL C	F.15	—	—	—	—	9	6	F.20.70
PHIL C	F.17.50	48	3.50	4	37.0 A	30	3.60	"
PHIL C	F.20	245	1	83	1.60	356	2.20 A	"
PHIL C	F.22.50	—	—	387	0.80	417	1.30	"
PHIL P	F.20	—	—	12	0.80 B	16	1.20	"
RD C	F.85	222	6	—	—	—	—	F.90.20
RD C	F.90	161	2.50	19	4.40	33	6	"
RD C	F.95	63	0.70 B	37	2.50	—	—	"
RD C	F.100	31	0.30	116	1.50	8	4	"
RD C	F.110	50	0.10	62	0.70	39	1.60	"
RD P	F.80	61	0.10	—	—	—	—	"
RD P	F.85	66	0.60	—	—	—	—	"
RD P	F.90	294	1.60	82	4.90	23	6.20	"
RD P	F.95	227	5	60	8	—	—	"
RD P	F.100	139	10	29	12.90	—	—	"
RD P	F.110	—	—	17	21	—	—	"
UNIL C	F.130	66	7	66	8	—	—	F.137
UNIL C	F.140	—	—	9	1.80	1	4	"
UNIL P	F.135	50	1	1	5	—	—	"
		May		Aug.		Nov.		
SLUM C	$100	5	6¼	—	—	—	—	$102⅝
SLUM C	$110	—	—	10	6	—	—	"
VEBA C	DM.140	—	—	2	3	—	—	DM167.10
VW C	DM.170	—	—	23	3	—	—	DM163

TOTAL VOLUME IN CONTRACTS 5256

A=Asked B=Bid C=Call P=Put

Major expansion move for Peru copper mine

BY GEORGE MILLING-STANLEY

A THREE-YEAR expansion programme costing U.S.$200m (£90m) is planned for the Toquepala copper mine in Peru, provided that its owner, Southern Peru Copper Corporation, can reach a new agreement on taxation with the Government there.

The expansion would dramatically alter Toquepala's working methods, involving a change from rail haulage to conveyor belt, a 300-metre deepening of the open pit and a widening operation, reports Doreen Gillespie from Lima.

The plan calls for the stripping of more than 100m tonnes of overburden in the first two years, and would increase the milling rate from the present 43,000 short tons of ore a day initially to 55,000 tons. The concentrator's ultimate capacity of 65,000 tons is expected to be reached within four years.

This would increase Toquepala's life from 12 years at the current milling rate to 30 years. The plan includes the expansion of the concentrator, but Southern Peru's smelter at Ilo would not require expansion as it already has the capacity to handle the planned increase in output.

Mr. Frank Archibald, president of Southern Peru, said that the work will not go ahead until the company has reached a bilateral agreement with the Peruvian authorities over taxation.

Southern Peru is seeking changes in income tax laws, claiming that under the present system it pays tax at a rate of 77.5 per cent, including a 30 per cent tax on the remittance of profits.

Mr. Pedro Pablo Kuczynski, Peru's Minister of Energy and Mines, said recently that changes in legislation which would affect Southern Peru were expected shortly, and it has been suggested that an agreement should be forthcoming within the next three months.

Southern Peru has invested around $1bn in Peru, making it probably the country's largest foreign investor. The company, in which Asarco of the U.S. has a 52.3 per cent stake, paid its first dividend since 1972 last year. The Toquepala operation recently suffered a one-week strike which has now been settled.

Cons Modder issue disappoints

THE RECENT comparative weakness in the gold price has a damaging effect on investor confidence. This is demonstrated by the poor response to the R20m (£11m) rights issue by Consolidated Modderfontein Mines (CMM), which has ambitious plans to re-start operations at several former gold mines in South Africa's East Rand.

Of the 8.04m shares offered to shareholders on a three-for-five basis at 250 cents a share, only 2.4m were subscribed for, less than one-third of the issue. This leaves the underwriters, the London stockbrokers Laing and Cruickshank, to take up the remaining 69.7 per cent, reports our Johannesburg Correspondent.

When the issue was announced on January 9, CMM's shares were trading at 325 cents in Johannesburg, reflecting investor optimism with a London gold price of around $577 an ounce. By the time of the closing date on February 20, the bullion price had fallen to about $507, and CMM shares were down to 245 cents.

CMM arose out of the old Government Gold Mining Areas (GGMA), which for the whole of its productive life was managed by Johannesburg Consolidated Investment and which ceased mining operations in 1961. Johnnies sold out in 1973, but when the buyer's plans to resume operations fell through the next year, the shares were suspended.

The shares were re-listed four years later in 1978, and in the same year a controlling interest was acquired by a mining engineer, Mr. Lucas Pouroulis. Mr. Pouroulis' company Golden Dumps was successfully recovering gold from old mine dumps on the nearby Modderfontein property.

Under his management, GGMA raised R840,000 in 1979 to help fund a treatment plant for material from dumps and to re-equip the mine's No. 7 shaft in order to gain access to the old underground workings.

In June of last year, Mr. Pouroulis sold his other East Rand dump recovery interests, under the name of Modderfontein 74, to GGMA in exchange for 4.3m shares. Apart from several million tonnes of gold-bearing material in the dumps, GGMA also received rights for underground mining operations, some of which were awaiting approval from the South African Government.

At the start of this year, when GGMA was re-launched as Consolidated Modderfontein Mines, the company estimated that it had 80m tonnes of proven, possible and probable ore reserves, which could be mined at an average grade of 4 grammes of gold per tonne.

Most of the pending claims have since been granted, and CMM believes it can now improve on the budgeted grade.

The capital cost of providing facilities to exploit these reserves at a monthly milling rate of 120,000 tonnes by 1984 was estimated at R40m, with the rights issue providing half of this and the remainder to come out of cash flow.

The shares gained 4p to 106p in line with the strength of other gold stocks in London yesterday.

Union Miniere marks time

BELGIUM'S Union Miniere is maintaining its dividend for 1980 at BFr 500 (654p) per full share. The mining and investment group says that distributable profits for the year — the figures are not yet announced — are of the same order as in 1979.

Operating results were lower as a result of reduced sales of metal from stocks but there was an appreciable increase in revenue from short term investments and other deposits which benefited from high interest rates.

UM adds that the Canadian Thierry mine continues to make losses, reflecting the weakness of the copper price and an increase in production costs. The zinc operations suffered from the depressed market for the metal, but the Brazilian gold and diamond operations did well.

Revival plan for Simmer

SOUTH AFRICA's Anglo American Corporation is to invest R44m (£25m) in new plant and underground mining facilities at the veteran gold producer Simmer and Jack, near Johannesburg on the Central Rand. The original mining operations began in 1888.

The new investment will raise the mine's monthly milling rate to 150,000 tonnes, with 100,000 tonnes coming from old surface dumps and the remainder being extracted from underground operations on the shallow Kimberley Reef, reports Jim Jones from Johannesburg.

Simmer and Jack currently treats less than 240,000 tonnes of gold-bearing material a year, mainly from dumps.

The move is widely expected to lead to a resumption of work at the mine on an even larger scale. Anglo American Prospecting Services is to spend R3m on an exploration and feasibility study, with a view to establishing a separate mining venture based on gold-bearing reefs lying below the Kimberley Reef.

The initial expansion programme is to be managed by a company nominated by Anglo, which will share profits equally with Simmer after allowing for operating and financing costs and redemption of capital expenditure, but will bear any losses on the venture itself.

If the two companies decide to go ahead with the exploitation of the deeper reefs, this will take the form of a joint venture between Anglo and Simmer.

The agreement is subject to approval by Simmer's shareholders at the annual meeting on May 21.

ROUND-UP

Australia's Leichardt Exploration has found more diamonds on Farm "C" of its Reads Drift prospect in South Africa's Cape Province, and the company believes the latest finds confirm previous expectations of a higher grade at depth.

* * *

Hanna Mining of the U.S., whose interests include iron ore, nickel, coal and bauxite, expects to report higher earnings for the first quarter, but forecasts a downturn in the full-year performance.

Apart from a stronger showing from its operations, Hanna will benefit to the tune of $7.5m (£3.3m) fro mgains on the sale of property in Missouri and an ocean vessel in which it had an interest.

General Instrument advances by 33%

By Our Financial Staff

GENERAL INSTRUMENT, the automated wagering equipment, cable television and semiconductor group, boosted final quarter earnings from $14.47m to $18.85m on sales only slightly ahead from $204.5m to $206.4m.

The 30 per cent rise for the period to February 28 left annual earnings ahead by 33 per cent from $51.13m to $68.12m. Sales for the year advanced from $718.1m to $825.1m and earnings per share came out at $7.46 against $5.90 after a final quarter contribution of $1.94 compared with $1.63.

Mr. Frank Hickey, the chairman, said the company's results were helped by a "powerful upsurge" in its cable electronics business and a strong performance in microelectronics. The company normally derives about 23 per cent of its profits from microelectronics, 25 per cent from semiconductors, 29 per cent from cable television activities and about 23 per cent from its data products interests, which take in the automated wagering operations.

Mr. Hickey said that at the end of the year its backlog of orders stood at $600.5m, up 21 per cent from the level at the beginning of the year. He forecast that results for the current year would be higher.

Brookwood takeover agreed

By Our Financial Staff

BROOKWOOD HEALTH Services, an Alabama-based hospital services concern which has been fighting off a takeover bid from Humana, has agreed to merge with American Medical International in a deal worth about $120m.

The AMI-Brookwood deal was agreed on Sunday night after a special meeting of the Brookwood directors.

Under the share swap proposal, Brookwood shareholders will receive $40 equivalent in shares, assuming an average price range for AMI shares during the merger period of $35.38 to $47.87 and each Brookwood share being exchanged for not more than 1.13 AMI shares and not less than 0.84 shares.

Timing of GM price rises takes industry by surprise

BY IAN HARGREAVES IN NEW YORK

GENERAL MOTORS has astonished the U.S. motor industry by announcing a 3.5 per cent increase in car prices, effective yesterday.

GM's decision, although justifiable in terms of rising costs and the losses being suffered throughout the industry, comes at a time when car sales have again resumed a downward trend after the expiry of a series of price discounting moves by all the major manufacturers in February and March.

Sales of U.S.-made cars fell by 17 per cent in the final 10 days of March compared with the same period of 1980, although for the month as a whole they were 7.2 per cent higher than in March, 1980.

Although GM, the price leader in the U.S. market, traditionally considers a spring increase in prices, it had been expected to hold back in order to let the market recover from the shock of the discontinued rebates programme.

GM, some analysts feel, is also jeopardising conditions for the launch of its new J-car series in early May. This model, a subcompact, is expected to quickly become a big seller

On a seasonally adjusted basis, March sales as a whole were the equivalent of a 7.7m annual rate, which is better than the 6.6m rate of last year, but still well short of a level at which the industry can hope to achieve adequate profitability in the U.S.

Imports are also continuing to comfortably hold their own, showing a gain of more than 8 per cent in sales in March compared with March 1980. So far this year, imports have taken about 26 per cent of the U.S. market.

With the Reagan Administration apparently drawing back from any possible limitations upon Japanese car imports, Detroit has little prospect of eroding this share this year.

Among the individual companies, GM reported a 12 per cent increase in March sales to 437,884 units, Chrysler a 21 per cent gain to 92,952 and Ford a 5.3 per cent decline to 158,487 units.

Chrysler sales have been helped by the most generous and lengthy of the discounting programmes, but the company is now enjoying a bigger share of the market than at any time in the past three years.

Ford's problem is that although its new small car, the Escort/Lynx is selling well, it suffers from production capacity limits. Ford's older models, such as the Granada, have been selling badly.

Record profits forecast by Olin

BY OUR FINANCIAL STAFF

OLIN, the Stamford-based manufacturer of brass, chemicals and fine papers, predicts that profits for this year "should be comfortably above" the record $3.24 a share earned in 1977. Last year, Olin earned $33.9m, or $1.41 a share, after a $40m write-off related to the proposed sale of the Winchester Sporting Arms subsidiary.

The first quarter of this year ended last week and, although the full results have yet to be compiled, Mr. John L. Henske, the chairman and chief executive, says it appears to have been "the best quarter ever," with the per share profit better than the record $1.15 of the second quarter in 1977. In last year's first quarter, Olin earned $22.1m, or 92 cents a share.

Mr. Henske commented: "We don't see any short-term slackening in our business. We are expecting our second quarter to be improved over last year and unless the U.S. economy really declines profits for the full year should be comfortably higher than last year."

Olin is holding discussions with several potential buyers of the Winchester Sporting Arms business and hopes to conclude a deal "within the next few months."

The company has found it difficult to maintain the growth record set up in the past decade, because of declining profitability in its chemical business, which still turns in around half of group sales. Chemicals sales brought in only 29 per cent of earnings last year, while brass operations, with only 18 per cent of sales, brought in 33 per cent of profits.

Earnings ahead at MGM Film

BY OUR FINANCIAL STAFF

HELPED BY a substantial turnround into profits at the television programmes division, earnings at MGM Film improved in the second quarter of this year from $3.4m to $3.6m, or 11 cents a share.

The board disclosed that earnings were hit in the second quarter by a setback at the feature films division, where operating income dropped from $9.3m to $5.1m. The lower results in this division included unspecified inventory write-downs on certain recent film releases, which were not named

MGM Film was formed two years ago when Metro-Goldwyn Meyer's film and hotel activities were hived off into separate corporate structures.

At the six-month stage, MGM Film now shows earnings of $9.2m, or 28 cents a share, against $8.4m or 25 cents, in the comparable period. Revenues are up from $91.7m to $113.8m.

The actors' strike last year affected earnings in the second quarter, said the board, while another adverse factor was the fall in the price of reclaimed silver which hurt the company's laboratory operations.

The results include earnings from the licensing to UK television companies of Gone with the Wind, which is one of the major names in MGM's film library. At the end of last year, the BBC bid $7.9m for long-term rights to a package of MGM films, including Gone With the Wind.

Monetary fears cloud bond markets

By Francis Ghilès

FEARS OF continued tight U.S. monetary policy combined with the disappointing U.S. wholesale price figures released at the end of last week cast a long shadow over international bond markets yesterday. Prices weakened in the morning and the gloom persisted after New York opened in the afternoon.

With the long U.S. Treasury bond down more than a point, interest rates, particularly at the shorter end, shot up. The one-month Eurodollar rate moved up 1¼ per cent to 16 per cent while fixed interest Eurobond prices declined ½ point on the day.

The most recent straight dollar bond, a 14 per cent five-year issue for Royal Bank of Canada, was quoted at a discount of 1¼ points from par in pre-market trading. Activity remained subdued.

In the Deutsche Mark sector prices slipped by ¼ point. Dresdner Bank is expected to launch a DM 100m bond for Finland with a 10 per cent coupon later today.

Prices of Swiss franc and French franc foreign bonds were virtually unchanged. In the latter sector, a FFr 250m-FFr 300m bond for Bank of America is expected to be launched today through Paribas.

Sterling-denominated bond prices were mixed with a weak undertone. The 14¼ per cent bond to 1986 for Hiram Walker, priced at 99½ last week, traded at 98-98¼. A domestic sterling bond for Pemex, the Mexican state oil company, is widely expected in the "bulldog" sector.

Figures just released by Morgan Guaranty show that Mexico alone among less developed countries significantly increased the volume of bonds it arranged on the international bond markets this year: during the first quarter it raised $399m worth of bonds, against a figure of $74m over the same period last year.

Among borrowers who have most increased the volume of bonds they have arranged are France, which trebled its figure to over $1bn and Canada, which raised nearly twice the amount it arranged during the first quarter of 1980 with a figure of $1.09bn.

Overall, some $5.8bn worth of Eurobonds have been arranged so far this year against $3.3bn in 1980. Dollar bonds account for 81.8 per cent of all Eurobonds so far this year, against 57.5 per cent in the corresponding period last year.

Monsanto sells holding in Indian group

By R. C. Murthy in Bombay

Monsanto Chemicals of the U.S. has sold its holding in Mindia Chemicals to the Mafatlal-owned Polyolefins Industries (PIL) and pulled out of India. The takeover move was sought by Monsanto and local financial institutions which have loans outstanding to the company. The merger plan has been approved by the Government. PIL will derive tax benefits by setting off Mindia's losses against its profits.

Mindia, which produces rubber chemicals, has been incurring losses since 1976. It has accumulated a book loss of Rs 61m (U.S.$7.4m).

Under the agreement between the Mafatlal grouping and Monsanto, PIL will pay $1.25m for its equity stake. A loan made by Monsanto to Mindia is to be repaid over seven years, with a two-year grace period.

Monsanto has agreed to continue its technical collaboration with PIL and to provide its know-how for Mindia's future projects in rubber chemicals. It will also help set up research and development facilities costing Rs 20m.

MacMillan share ruling

By Our Financial Staff

THE ONTARIO Securities Commission has ruled that British Columbia Resources Investment Corporation and Noranda Mines cannot purchase shares of MacMillan Bloedel privately while their competing bids for a controlling stake in MacMillan are outstanding. Noranda is offering C$62 a share and its bid will be worth around C$625m if it succeeds in winning the common and convertible shares it requires to lift its holding from 8 per cent to 49 per cent. BCRIC has reverted to its original C$46 a share bid, to take place through Canadian stock exchanges on Thursday, after dropping its increased C$56 a share bid as a result of the stepping up last Thursday of Noranda's bid from C$56 to C$62 a share.

Rupert Cornwell on an expanding Italian group

Ferruzzi in the big league

IT MAY have taken a blazing political row in France to bring the fact home, but Italians are now aware that a new name has joined the select handful of genuinely large internationally orientated private groups, in a country traditionally drawing most of its economic vigour from small and medium-sized industries.

The name is Ferruzzi, the Ravenna-based foods, shipping and cement concern. The row was over its attempt to win control of Beghin-Say, France's (and Europe's) largest sugar company, through a combination of open market purchases of Beghin stock on the Paris Bourse and elaborate manoeuvres at holding company level.

Predictably, after much Gaelic outrage at a foreign intrusion into the commanding heights of the national economy, a compromise was reached. Under an agreement finalised in the past few days, Ferruzzi and Suez-Vernes, the dominant French shareholder in Beghin-Say, will each hold 30 per cent of the sugar company. The balance, it is assured in Paris, will be in French hands. It remains to be seen, however, for how long this delicate equilibrium will be maintained.

Top table

Whatever the doubts in France, in Italy the impact of the Beghin-Say affair has been clearcut. Nothing could have underlined so vividly how in the past few years Ferruzzi has developed from an imposing food and cereal trading concern, although based in the relative backwater of Ravenna, into a top table member of the country's financial and business establishment.

The change is symbolic of the shifting balance of power in Italian high finance, a world where intrigues and dealings strangely mirror the ways of national politics. Many of the dominant figures of the 1970s have gone: Sig. Michele Sindona is in a New York jail; Sig. Nino Rovelli, former head of the bankrupt SIR chemical concern is in Switzerland. The independent oil magnate, Sig. Attilio Monti, has seen most of his erstwhile empire, burdened by debt, pass to ENI, the state oil group, and to the Ferruzzis.

Alongside the old elite of the Agnellis, Pirelli and Pesenti, new names have sprung up: among them the Bonomis in Milan, Carlo de Benedetti, chief executive of Olivetti, and Ferruzzi itself. The group epitomises those enduring habits of Italian finance: discretion, an elusive way with figures and, above all, the desire to keep it in the family.

The spadework for the concern's expansion was carried out by Sig. Serafino Ferruzzi, Italy's cereal king, who was killed in an air crash near Bologna in December 1979. Control has now passed to two of his four children and the husbands of the other two. His son and three daughters between them have 100 per cent control of the key holding company, Ferruzzi SpA.

Their spokesman is Sig Raoul Gardini, a son-in-law of Serafino. Last October, at a remarkable—albeit brief—Press conference, Sig. Gardini gave some idea of the empire that had been created. The group, he said, comprised more than 80 companies but an exact consolidated turnover figure was not available. "For that sort of thing we don't have time," he laconically observed.

It is estimated by analysts that the empire which stretches from sugar to edible oils, through cereals—up to 20 per cent of the European market—to shipping and cement, has a yearly turnover of about L3,500bn ($3.3bn) making it larger in sales terms than Olivetti, and not far short of Pirelli worldwide. The sole authoritative study so far has come from the research division of Mediobanca, the influential Milan-based merchant bank.

According to the study, Ferruzzi SA has outright control (50 per cent or more) of 53 subsidiaries, 39 of them based in Italy and 14 abroad. In 1979, the last year for which a proper breakdown is available, the main Italian companies, numbering 20-odd, reported a combined turnover of L1,136bn and an overall net profit of L17.8bn.

Key companies

That figure will certainly have increased substantially in 1980. For instance, Eridania, the sugar refining subsidiary and vehicle for the attempted Beghin-Say takeover, which has 36 per cent of the Italian domestic sugar market, lifted sales last year to L491bn from L363bn.

Ferruzzi SpA itself had a 1979 turnover of L404bn, deriving from cereal sales and freights, and earned a net L7.3bn.

Moreover, there are two key foreign holding companies Artfer of the U.S., which runs much of Ferruzzi's grain interests in the U.S. and, according to Mediobanca had 1978-7[9] sales of L307bn, and the Luxembourg-based Aifa, which controls Ferruzzi's food, industry and cement interests in Latin America.

So far there has been n[o] sign of the Ferruzzi famil[y] following the steps of othe[r] Italian industrial empires (Fia[t] and Montedison, for example and branching out into sector[s] such as newspapers, banks an[d] insurance, unrelated to thei[r] main businesses. Instead, th[e] Ferruzzis seem determined t[o] consolidate their existing bus[i]nesses, in the process perhap[s] turning Ferruzzi SpA into [a] true holding company. But th[e] expansion will continue. A[s] Sig. Gardini remarked at th[e] press conference: "The Fe[r]ruzzis prefer to buy rather tha[n] sell."

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary mark[et] exists. For further details of these or other bonds see the complete list of Eurobond prices whi[ch] will be published next on Tuesday, April 14.

Closing prices on April [6]

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Air 15¼ 86 (WW)	55	99	99½	0	0	15.47
Amoco 13¾ 88	75	95½	96	−0½	−0¼	14.23
CIBC 14½ 84	185	99½	100	0	0	14.60
CNE 12¾ 91	100	92¼	92¾	−0½	−0½	14.19
Citicorp O/S Fin. 10 86	300	85¼	85¾	−0¼	0	14.06
Citicorp O/S Fin. 12 87	200	91½	91⅞	−0⅛	−0⅛	13.99
Con. Illinois O/S 9¾ 86	150	83⅞	84⅜	−0½	−0⅛	14.22
Dupont Canada 13½ 91	65	96	96½	−0¼	−0⅝	14.21
EEC 11 95 (May)	75	81¾	82¼	−0¼	+0⅛	14.00
EEC 11 95 (August)	70	78¾	79¼	−1⅛	−1⅛	14.48
EIB 13¾ 90	100	97⅛	97⅝	−0¼	−0⅛	14.26
Eldorado 13¾ 86	50	95¾	96¼	−0½	−0⅝	14.42
Elec. de France 10 88	125	82	82½	−0⅝	−0⅝	14.03
Elec. de France 13 88	125	95¼	95¾	−0⅝	−0½	14.04
Export Dv. Cpn. 9½ 86	150	83⅜	83⅞	−0⅞	−0⅜	14.45
Fed. Bs. D. 12¾ 85 (N)	50	93¼	93¾	−0⅝	−0½	14.21
Fin. Exp. Credit 10½ 85	50	86⅛	86⅝	−0⅞	−1	15.03
Finland, Rep. of 9½ 86	100	82	82½	−0½	−0⅛	14.80
Ford Credit O/S 14⅝ 83	150	99¼	99¾	+0¼	0	14.76
Ford Cr. O/S Fin 16 84	150	103⅛	103⅝	−0¼	−0⅛	14.42
Gaz de France 13½ 86	80	98	98½	−0½	−0¼	13.98
GMAC O/S Fin. 12 87	100	89⅝	90⅛	−0⅛	−0¼	14.46
GMAC O/S Fin. 12⅞ 88	100	92	92½	−0⅛	−0½	14.72
Gen. Mtrs. O/S 11¾ 87	100	89	89½	−0⅛	−0⅛	14.35
Genstar 14¾ 91	50	97⅛	97⅝	0	0	15.27
GTE Fin. 13¾ 86 (WW)	50	98	98½	−1⅛	−1	14.23
Hudson's Bay 11½ 90	75	85⅞	86½	−0⅝	0	14.28
IBM Wld. Trade 12¾ 88	200	95⅜	95⅞	−0¼	−0⅛	13.49
Newfoundland 13¾ 90	60	95⅞	96⅜	−0½	−0½	14.27
Nova Scotia 10¾ 90	50	81¼	81¾	−1	−0⅞	14.47
OKB 10 85	50	87⅜	87⅞	−0⅜	−1⅛	14.09
Ontario Hydro 13½ 91	100	95⅞	96⅜	−0⅜	−0½	14.23
Quebec Hydro 11½ 92	100	85	85½	−0¼	+0⅛	14.18
Queb. Hy. 13 91 (WW)	100	92⅛	92⅝	−1½	−1⅜	14.48
Rovleasn 11¾ 85	50	89½	90	−1¼	−1¼	14.65
SNCF 13¾ 85	50	95½	96	−0½	−0½	13.77
SNCF 13 91	75	93⅛	93⅞	−0½	−0⅞	14.22
Sth. California Ed. 14 87	50	97⅛	97⅝	0	0	14.69
Sven Handelsbk 13¾ 88	45	95⅛	95⅝	−0⅜	−0⅛	14.79
Sweden 12¾ 85	150	94½	95	−0½	−0⅜	13.98
Swed. Ex. Credit 12 83	50	94½	95	+0⅛	+0¼	14.56
Swed. Ex. Credit 13 86	75	94⅛	94⅝	−0½	−0⅞	14.67
Tribune O/S Fin. 14 86	50	98⅛	98⅝	−0⅜	−0⅜	14.45
World Bank 9¾ 85	200	87⅜	87⅞	−0¼	−0⅜	13.94
World Bank 10¼ 87	300	85⅛	85⅝	−0⅛	−0⅜	13.90

Average price changes... On day −0½ on week −0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asia Dev. Bk. 8¾ 90	100	91⅞	92⅜	+0½	+0½	9.72
Australia 8½ 90	250	95¼	95¾	0	+0¼	8.87
Austria, Rep. of 8¼ 92	150	89	89½	−0½	+0⅞	9.82
CECA 7⅞ 92	150	87½	88⅛	−0⅜	0	9.66
CECA 10 91	120	102¼	102½	−0⅛	+0⅛	9.59
Cil-Honeywell 8⅜ 90	125	90⅞	91⅜	−0½	−0¼	9.84
EIB 8¼ 90	200	91⅝	92⅛	−0⅛	−0½	9.81
EIB 10½ 91	200	102½	103	−0½	+0½	10.07
ESCOM 9¼ 87	100	94½	95	+0⅛	+0⅛	10.40
Iberduero SA 9 90	100	94⅛	94⅞	−0⅛	+1½	9.92
Ind. Bk. Finland 8½ 90	50	90½	91	−0⅛	−0⅛	10.05
Int.-Amr. Dv. Bk. 10 91	100	99¾	100¼	−0¼	−0⅛	9.97
Japan Air Lines 8¼ 87	100	92½	93¼	−0½	−0⅛	9.61
Japan Dev. Bank 7⅞ 87	100	89⅞	90⅜	−0⅛	−0⅛	9.72
Kobe, City of 8 90	100	90	90¾	−0⅛	+0⅛	9.61
Midland Int. Fin. 8½ 90	180	92⅞	93⅜	−0⅛	0	9.64
Nurlobras 9¾ 88	100	88	88⅞	−0½	−0⅜	12.15
OKB 8¼ 92	150	89⅝	90⅛	−0⅛	0	9.78
Oslo, City of 8¾ 90	80	95⅛	95⅝	−0⅝	−1⅛	9.54
Venezuela, R. of 9¾ 90	150	94⅝	95⅛	−0⅛	+0½	10.63
World Bank 8 90	700	88⅞	89⅛	0	+0⅜	9.80
World Bank 10 88	150	101⅜	102½	+0½	−1⅛	9.45
World Bank 10 90	200	101½	102¼	+0⅛	+0½	9.68

Average price changes... On day −0½ on week +0¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5½ 90	100	92½	92¾	+0⅞	+1½	6.44
RFCE 6½ 91	100	101¼	101¾	+0⅛	+0⅛	6.32
Bayer Int. Fin. 5¾ 92	100	92	92½	−0½	0	6.23
Bergen, City of 6 90	50	95¼	95¾	−0⅜	−0⅞	6.71
Buhrm'n-Tetterode 7 90	40	101¾	102	−0⅛	0	6.72
Copenhagen Tele 5¾ 90	60	91½	91¾	−0½	−0⅛	6.93
Denmark 5¾ 90	80	92	92¼	−0¼	0	6.93
Dome Petroleum 5¾ 91	100	95	95¼	−0½	+0½	6.43
Flet. de France 5¾ 90	100	93½	93¾	+0¼	+0½	6.15
Eurofima 5¾ 92	80	†99	99½	0	+2¼	5.84
F. G. H. Hypo. Bk. 6 90	50	†96	96½	−0½	−0¼	6.55
Finland, Rep. of 5¾ 90	80	90⅝	90⅞	−0⅛	−0⅝	7.00
Int.-Amer. Dev. 7 90	80	101½	101¾	−0⅛	+1¼	6.79
Japan Dev. Bank 5¾ 90	100	94⅝	94⅞	−0⅜	+1⅛	6.50
Jutland Tele. 5¾ 90	50	†90	91	−0¼	+0¼	6.97
Mt. Blanc Tunnel 5¾ 90	60	92½	92¾	−0½	−0⅛	6.57
Newag 5¾ 90	80	95¼	95½	−0⅜	+1½	6.42
Norges Komm. 4¾ 91	100	84¼	84½	0	−0¼	6.46
OKB 6 90	100	95⅞	96⅛	−0¼	+0⅛	6.60
Oslo, City of 4¾ 91	100	81	81¼	−0⅜	−1	6.96
Oslo, City of 5¾ 90	80	92⅜	92⅝	−0⅜	−0½	6.92
Philips Lamps 5¾ 92	100	91¾	92	+0½	+0⅛	6.77
Sekisui Pre. Hms. 6 90	80	97¼	97½	0	−0⅛	6.78
Trade Dev. Fin. 6¾ 90	50	95¼	95½	−1½	−0⅛	6.80
Voest-Alpine 5¾ 90	80	93	93½	0	−0⅛	6.75
World Bank 6 91	100	†94½	95	−0½	−0½	6.74

Average price changes .. On day −0⅛ on week +0½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	93	94	0	−0¼	8.54
Australia 6½ 88	20	87⅞	88⅛	0	+0⅛	8.94
EIB 7¾ 89	12	93½	94½	−0⅛	0	8.78
Finland 5.6 83	10	92½	93⅛	0	0	8.84
Finland 6.8 88	10	87¾	88¾	0	0	9.14
Finland, Rep. of 8½ 87	15	97⅞	98⅞	+0⅛	+0⅛	8.72

Average price changes... On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell-Canada 10¾ 86 C$	60	90¾	91¼	0	−0¼	13.18
CIBC 13½ 85 C$	50	97¼	97⅞	0	−0⅛	14.32
CIBC 11½ 85 C$	60	90⅛	91⅛	0	0	14.50
Federal Dev. 11½ 90 C$	60	†88	88	−0¼	+0⅛	14.40
Fst. Can. Inv. 10 84 C$	60	†88¼	89	−0¼	−0⅛	14.30
R. Bk. Canada 10 86 C$	40	91½	92½	0	+0¼	12.18
Tordom Cpn. 13½ 85 C$	30	†97	97½	0	−0⅜	14.36
Mt. Bk. Dnmk. 9 91 EUA	25	90½	92	+0½	+0½	10
SOFTE 8½ 89 EUA	40	†86	87	+0⅛	0	10
U Bk Nrwy. 9½ 90 EUA	18	96¼	98	0	0	9
Algemene Bk. 10½ 86 Fl	60	97	97½	−0⅛	+0⅛	10
Bk. Mees & H. 10 85 Fl	75	97⅜	97⅞	−0⅛	+0½	10
Heineken NV 10 87 Fl	100	95	95½	0	+0¼	11
Nat. Nedrlndn. 10 88 Fl	60	94⅜	94⅞	−0¼	0	11
Ned. Midd. Bk. 10 85 Fl	75	98½	99	−0⅛	0	10
Pierson 10¼ 86 Fl	50	97⅜	98⅛	−0⅛	−0½	10
Aero Paris 13⅛ 87 FFr	150	93⅞	94⅞	0	+0⅛	14
Charb'nages 13¾ 85 FFr	400	98¼	99¼	0	0	14
CECA 14⅛ 86 FFr	150	99⅝	100⅝	0	+0½	14
EIB 14⅛ 88 FFr	300	98⅜	99⅜	0	+0⅛	14
Gaz de France 11 84 FFr	150	91¾	92¾	0	−0⅛	13
La Redoute 14⅛ 85 FFr	125	95½	96½	0	+0¼	15
OKB 14 86 FFr	400	98½	99½	0	−0⅛	14
Solvay et Cie 14¾ 88 FFr	200	102	103	0	+0⅛	14
Utd. Mex. Sts. 14 85 FFr	150	96⅜	97⅜	0	0	14
Acona 14 85 £	20	95½	96¼	−0¼	+0⅛	15
Beneficial 14¼ 90 £	20	92⅞	93⅜	−0⅛	0	15
BNP 13½ 91 £	15	96	96½	−0½	+0¼	14
CECA 12¾ 88 £	20	96¼	96¾	−0⅛	+0⅛	14
Citicorp O/S 13½ 90 £	50	95¼	96	−0⅛	−0½	14
Fin. Exp. Cred. 13¾ 86 £	15	97¾	98⅛	—	—	14
Fin. for Ind. 14½ 88 £	20	99⅞	100½	0	+0⅜	14
Gen. Elec. Co. 12½ 89 £	50	93¼	94	−0⅛	−0⅛	13
Peugeot SA 14 90 £	23	94¼	94¾	−0⅛	−0⅜	15
Rothschild 14¼ 90 £	12	97⅛	97⅝	−0⅛	−0⅛	14
Royal Trustco 14 86 £	12	98⅝	99⅛	−0½	−0½	14
Swed. Ex. Cr. 13⅝ 86 £	20	97⅞	98⅜	−0⅛	−1½	14
Banobras 8¼ 90 KD	7	†91½	92	0	0	9
CCCE 8¾ 91 KD	10	†82½	83	0	0	11
Sonatrach 8½ 90 KD	12	†94	94½	0	0	9
Akzo 9¼ 87 LuxFr	500	83	84	0	−3½	13
Euratom 9¾ 86 LuxFr	500	85¼	86¼	0	−4⅛	13
Eurofima 10½ 87 LuxFr	500	87½	88½	0	−5½	13
EIB 9¾ 88 LuxFr	600	85½	86½	0	−3½	12
Volvo 9¾ 87 LuxFr	500	81¼	82¼	−3¼	−5⅛	13

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¼ 87	0¼	99⅛	99⅞	2/7	16⅜	16
Bank of Montreal 5¼ 90	0¼	99⅞	100⅛	18/6	19½	19
Bank of Tokyo 5¼ 89	‡0⅛	98¾	99¼	25/4	19.31	19
BBL Int. 5 86	0½	99½	99¾	20/5	16½	16
Bergen Bk. A/S 6 89	‡0¼	†98⅝	99⅛	29/5	17¼	17
BNP 5½ 88	‡0½	99¾	99⅞	29/4	18.69	18
CNT 5¾ 86	§0¼	99⅝	99⅞	16/4	13¼	13
Christiania Bk. 5½ 91	‡0½	97¼	98¼	5/5	17¾	18
Cit.corp O/S F. 94	‡0	98⅞	99½	30/4	15.44	15
C. Itoh 5¼ 87	0¼	99⅛	99⅜	18/9	15.44	15
Co-operative Bk. 6 86	0¼	97¾	98¼	15/5	15¾	15
Den Norske Credit 6 90	‡0¼	98⅛	98⅞	5/5	17¼	18
Genfinance 5¼ 87	0¼	99	99½	30/4	15⅛	15
Giro und Bank 5¾ 91	‡0½	97¾	98¼	23/6	14.06	14
GZB 5½ 89	‡0¼	98½	99	1/5	17⅞	18
Ind. Bank Japan 5¼ 87	0¼	99¼	99¾	15/4	13.31	13
Ind. Bank Japan 5¼ 88	0¼	98⅞	99⅜	9/4	13⅛	13
Lloyds Eurofin 6 90 £	0¼	97	97½	3/7	14½	14
Lloyds Eurofin 5¼ 92	0¼	98⅝	99⅛	4/8	17¾	17
LTCB Japan 5¼ 86	0¼	100¼	100¾	13/6	20.19	20
Man. Hanov. O/S 5¼ 94	‡0⅛	98⅜	98⅞	30/5	17	17
Midland Intl. Fin. 5¼ 92	0¼	98⅞	99⅜	5/6	17.19	17
Nacional Fin. 6¼ 88	0¼	99⅝	100⅛	25/7	17¾	17
Nacional Fin 5½ 88	0¼	98	98½	25/9	14⅞	15
Nat. Bk. Canada 5¼ 88	0¼	98⅛	98⅝	24/9	5¾	5
Nat. West. 5¼ 94	§0⅛	97⅞	98⅜	14/4	13¾	13
Nat. West. 5¼ 92	§0¼	97⅞	98⅜	23/4	13.69	13
Pemex 6 91	0½	98	98½	3/4	6	6
Sparebanken 6 87	0¼	99⅝	100⅛	19/6	19⅛	19
Standard Chart. 5¼ 90	0¼	99½	100	3/9	17.06	17
Svenska Hndlsbk. 5 87	0¼	99⅝	100⅛	15/7	17.81	17

Average price changes . On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Pr[em]
Bow Valley Inv. 8 95	4/81	23.12	98¼	99¼	−0¼	18
Canon 6¾ 95	1/81	829	123½	124½	−0½	2
Credit Suisse 4¾ 93	10/79	1278	†94½	96½	−2½	1
Digicon Fin. 8¾ 95	10/81	29.5	†107	108½	−0⅛	0
Ina Overseas 8¾ 2000	4/81	42	†105½	107	−0⅛	2
Inchcape Ltd. 8 95	2/81	4.55	†96	97	−0⅜	3
Jacss 7½ 95	11/80	565	130¼	131¼	−3	14
Kotobukiya Co. 7 96	4/81	619	100¾	101¼	+0¼	−2
Marion Int. Fin. 9 95	12/80	15.5	†88	89	−0⅛	18
Matsushita El. 7½ 95	11/80	590	114⅝	115⅝	−0½	−2
MEPC 8¾ 96	2/81	2.47	†99	100½	−2½	9
Niigata Eng. 7½ 96	1/81	327	107¼	108¼	0	12
Nissho-Iwai Co. 8 96	10/80	398	86	87¼	−0⅛	3
Ricoh 6¾ 95	8/80	604	119	120	−1⅛	−1
Sumitomo M. Ind. 7 95	2/81	181	124	125	+0⅛	3
Swiss Bk. Cpn. 6¾ 90	9/80	200	†82½	84½	−0⅛	14
Taylor Woodrow 8¾ 90	1/81	4.94	106½	107¼	−1½	1
Tokyu Land Cpn. 7¾ 96	4/81	325	96⅝	97⅝	−0½	1
Transco Int. 8¾ 95	2/81	68	†90	91	0	37
Tricorp 8½ 95	12/80	31.25	†92	93	+0⅛	7
Union Bk. Switz. 5 89	2/80	121.4	†82	84	+0⅛	−12
Fujitsu 5 84 DM	7/79	431.5	153	154	+1⅛	−1
Sharp Cpn. 5½ 88 DM	9/80	595	159⅞	160⅞	+0⅜	−1
Uny Co. 6½ 85 DM	11/79	879.3	103⅝	104⅝	+0¼	3

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of mid-price: the amount issued is in millions of curre[ncy] units except for Yen bonds where it is in billio[ns]. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless oth[er]wise indicated. Coupon shown is minimum. C.dte = D[ate] next coupon becomes effective. Spread = Margin ab[ove] six-month offered rate (‡ three-month: § above me[an] rate) for U.S. dollars. C.cpn = The current coup[on]. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless oth[er]wise indicated. Chg. day = Change on day. Cnv. dat[e] = First date for conversion into shares. Cnv. pric[e] = Nominal amount of bond per share expressed [in] currency of share at conversion rate fixed at iss[ue]. Prem = Percentage premium of the current effective pr[ice] of acquiring shares via the bond over the most rec[ent] price of the shares.

Rhone-Poulenc to reorganise textiles unit

By Terry Dodsworth in Paris

RHONE-POULENC, France's largest chemicals group, has decided to split its stricken textiles subsidiary into three separate operating companies in a further effort to pull these activities back into profits.

The move follows the announcement earlier this year of losses of FFr 850m ($170m) from artificial fibres manufacturing in 1980. A heavy crash redundancy programme has been mounted since then, aimed at cutting the workforce by about 4,000 from 8,200.

The new measures are essentially aimed at simplifying management by dividing Rhone-Poulenc Textiles into three operating organisations, each with a clearly identified product base. But the more highly performing sections will be separated from the rest, in line with the group's clearly-stated intention to keep the heavier loss-making sectors continually under review.

The most important of the new divisions will be Rhone-Poulenc Fibres, with a capital of FFr 5m and a workforce of 2,600. This brings together the nylon and polyester activities, which are reckoned to be the most efficient part of the textile activities, and which have received heavy investments over the last few years.

The two smaller divisions will be Rhovyl, concentrating on chlorfibre production, and Cellatex, making rayon. Each will have a capital of FFr 1m.

Although Rhone-Poulenc has so far given no indication of its first quarter's trading, the textile activities are still in deep trouble. Reductions in cheap American imports, one of the chief factors undermining the industry last year, have helped the company in the last few months, but prices are still depressed because of low demand and the European industry's over-capacity.

French bank in Brazil

By Our Financial Staff

BANQUE Nationale de Paris, one of France's "big three" nationalised banks, has signed an agreement to acquire the 45 per cent interest in Banco Cidade de Sao Paulo of Brazil held by the major Swiss bank, Swiss Bank Corporation.

BNP will also purchase Swiss Bank Corporation's 45 per cent stake in Multi Commercial Bank, a Swiss bank affiliated to Banco Cidade.

Banco Cidade has ten branches throughout Brazil and has received authorisation to open a further six. Multi Commercial Bank, which is based in Zurich, has a subsidiary at George Town, Grand Cayman.

Swire to sell KL property

By Wong Sulong in Kuala Lumpur

MALAYAN United Industries has reached a deal with Swire Properties, part of the Hong Kong Swire group, to purchase an office building in Kuala Lumpur for 100m ringgit ($44m).

MUI will buy Union Holdings, a subsidiary of Swire Properties, which owns the 22-storey Oriental Plaza office complex. In return it will issue 6,667m new shares.

METALS PRICES BOOST RESULTS

Metallgesellschaft pays more

BY STEWART FLEMING IN FRANKFURT

DOUBLED PROFITS from DM 19.9m to DM 42m ($19.8m) were achieved last year by Metallgesellschaft, the West German metals, process plant and chemicals group. But, with economic conditions weakening, the company is not expecting the current year's performance to match the 1979/80 results.

Worldwide sales revenues in the group rose from DM 7.8bn to DM 9bn, an increase of 14.6 per cent. High metals prices in the opening months of the last financial year were a factor in the increase. The company is increasing its annual dividend from DM 4 to DM 5 a share and paying a special DM 1 bonus dividend to bring the total to DM 6 a share. It is hoping that it will be able to maintain the DM 5 payment in the current financial year.

All branches of the company's operations improved their performance last year, including the metal processing division which, on revenues of almost DM 2bn, earned a profit after losses in recent years. But according to Herr Karl Gustaf Ratjen, the company chief executive, the division is again facing the prospect of a small loss in the current year.

In general, however, Metallgesellschaft, in which the Kuwait Government recently increased its shareholding from 10 to 20 per cent, is continuing systematically, through investment and disinvestment, to try to reduce its vulnerability to swings in the economic cycle.

A bright spot for the company has been its process plant division which comprises the Lurgi company. Revenues at Lurgi rose 6 per cent to DM 1.62bn. Moreover, the company's order intake reached a record level. The strength of the process plant division has been a major factor behind the 20 per cent rise in sales revenues in the group during the first five months of this year.

Divisional Sales DMbn.

	1979-80	1978-79
Mining and trading	4.4	3.8
Manufacturing	1.9	1.7
Engineering	1.6	1.5
Chemicals	1.0	0.9
Transport	0.2	0.2

However, financing problems, particularly in Eastern bloc countries, have begun to slow the tempo of new order negotiations in comparison with a year ago and the company is now expecting a slightly slower rate of growth in its order intake.

The group's largest division, metals mining, refining and trading, with sales last year of DM 4.4bn, profited in the opening months of the last financial year from strong non-ferrous metals prices with particularly strong profits results coming from the trading and foreign mining activities. In the current year, however, the company is not expecting the division to produce such satisfactory results because of the weakening of metals prices.

New pressures on Dresdner Bank

BY OUR FRANKFURT STAFF

THE SHARP rise in interest rates in West Germany since the end of February has put new pressures on the interest earnings of Dresdner Bank, according to Dr. Hans Friderichs, the chief executive of the Federal Republic's second largest commercial bank.

In comments accompanying the release of the annual report Dr. Friderichs says that the bank's decision to cut its dividend reflects not only the unsatisfactory earnings of 1980 but also the profits outlook for the current year.

For 1980 group net profits were down 26 per cent to DM 204m ($96.2m). The figure encompasses subsidiaries with total assets of DM 123bn.

The bank plans a dividend of DM 6 against DM 9 a share. The reduction was disclosed in February when the bank announced a rights issue to raise DM 275m.

Two other leading West German banks yesterday announced dividend recommendations. The Bayerische Hypotheken und Wechsel Bank, the seventh largest German bank, proposes to cut its payment from 9 per cent to 7 per cent. The bank is due to report earnings later this week.

Separately the Berliner Handels und Frankfurter Bank, a private bank with assets of DM 20bn, said it intends to maintain a DM 9 a share dividend. Group earnings for the year were virtually held at DM 36.3m, against DM 36.9m previously. Interest earnings at the parent bank rose 2.4 per cent to DM 133.9m in spite of a narrowing of the interest margin from 1.65 per cent to 1.61 per cent. A 9 per cent rise in lending volume contributed to the stabilisation of interest earnings.

The Dresdner Bank, too, suffered from a narrowing of its interest margins last year, according to Dr. Friderichs. For the year as a whole the interest margin sank from 2.2 per cent to 2.0 per cent.

In the face of a second consecutive year of declining earnings and the need for substantial write-offs on securities, the bank also made considerable efforts to restrict its business and to conserve its capital resources. Consolidated group assets, which had been increasing by more than DM 10bn a year since 1974, expanded by only DM 2.2bn.

It has been clear for several months that rising interest rates in Germany have been increasing the banks' own financing costs faster than the banks themselves have been able to increase their own loan charges to customers. Long-term fixed interest loans at what are by today's standards relatively low interest rates have also become unprofitable.

Salzgitter falls deeper into red

BY OUR FINANCIAL STAFF

SALZGITTER, the West German state-owned steel group, moved deeper into the red in the year ended September 1980, and warns that current year losses will be even heavier.

At the net level the deficit for last year rose to DM 85.2m ($40.2m) compared with the DM 4.92m of 1978-79. Losses this year will be "very high," says Herr Ernst Pieper, managing board chairman.

So far this year Salzgitter has been losing between DM 10m and DM 20m a month on steel production, Herr Pieper declares, adding that "even a miracle cannot save our steel results in 1980-81."

Group sales last year improved to DM 10.9bn from DM 9.4bn previously, with sales abroad rising from DM 7.2bn to DM 8.6bn. Domestic sales totalled DM 2.4bn, against DM 2.2bn.

Steel, trading and transport operations recorded a 1979-80 profit of DM 17m, down from DM 81m previously.

Vehicle production, machine and steel construction increased losses to DM 85m from DM 29m, while profits in heavy plant and energy rose to DM 71m from DM 29m. The latter are expected to improve further this year.

Shipbuilding will again show "balanced results" while earnings from processing should also improve, says Herr Pieper.

Rationalisation — mostly in the form of plant closures and greater use of more efficient processes like continuous casting — will help reduce Salzgitter's steel costs by DM 50m on an annual basis.

But the outlook for steel trading remains extremely cloudy, says Herr Pieper. The weakness of demand is a major pressure point. Group sales for 1980-81 are expected to be barely maintained.

Salzgitter's capital spending last year totalled DM 339m, an increase of 60 per cent over 1978-79.

Sharp reverse at Italimpianti

By Rupert Cornwell in Rome

TURNOVER last year edged ahead from L512bn to L521bn ($492m) at Italimpianti, one of the country's largest process plant groups, but net earnings slumped to L5bn ($4.7m) from the L10.8bn reported for 1979.

In spite of the profits setback however, which in any case follows the maximum depreciation provisions permitted by Italian legislation—the group, which is a subsidiary of the IRI-Finsider State-owned group, remains one of the most successful parts of a public sector steel industry crippled by losses and debt.

Orders in hand at the end of 1980 totalled L2,200bn, centred mainly on the restructuring work at the Bagnoli plant of Italsider near Naples, the Tubarao steel works in Brazil, and the steel complex project near Isfahan in Iran. Despite the upheavals of the Iranian revolution, and the subsequent war with Iraq, work on the $1.5bn Isfahan contract is still going ahead regularly.

Italimpianti shareholders have authorised a further increase in capital to L30bn from the previous L20bn, to which it was increased 12 months ago.

● In a major new move into the computer component field, Olivetti has acquired exclusive rights from Irwin International of the U.S. to manufacture and market advanced peripheral computer technology in Europe.

Bouygues loses offshore stake

BY OUR PARIS STAFF

THE DIVERSIFIED French electrical group, Compagnie Generale d'Electricite (CGE), is emerging as a strong favourite of the Government in its attempt to breathe new life into the offshore platform construction business.

In a decision clearly supported by the Industry Ministry, the Institut Francais du Petrole (IFP), a State-backed oil industry research organisation, has sold its key stake in one of the country's most important platform construction companies to CGE and Omnirex, a subsidiary of the Total Oil group.

The off-shore industry, a strong point of French engineering in the 1970s, was recently chosen by the Industry Ministry to benefit from its special aid programme for high-technology sectors. Since then, the main interest has centred on Doris, one of the main French platform producers, which has been the object of a takeover bid by Bouygues, the large public works company.

Bouygues seemed assured of control of Doris after buying 47 per cent of the equity from Saint - Gobain - Pont - à - Mousson and SFMP. But CGE and Total, already shareholders in Doris, have now mounted a counter-effort which gives them a clear 45 per cent stake and a possible majority voice with their other allies.

Bouygues says that it will fight the IFP decision to sell out to its rivals by making representations to the Industry Ministry. The construction company already has experience in the offshore industry, and has mapped out an ambitious expansion programme in this field.

Setback for Esso Italiana

HAVING almost doubled profits in 1980, Esso Italiana, the Italian offshoot of Exxon of the U.S., has dipped into the red for the opening quarter of 1981, writes our Financial Staff.

Net profit for 1980 rose sharply to L102bn ($96m) from L64bn. Turnover improved to L4,600bn from L3,240bn, although sales in quantity fell by more than 6 per cent to 9.8m tonnes.

In the first quarter of 1981 the company suffered a loss of L15bn, chiefly due to delayed authorisation to raise selling prices.

SNAM, the state controlled natural gas group, reports net profits of L72.9bn for 1980 compared with L71.9bn

PIONEERING FACTORING IN JAPAN

BankAmerica joins Nippon Shinpan

BY RICHARD C. HANSON IN TOKYO

THE BANKAMERICA group is expanding its services in Japan in the still undeveloped area of financing for small-and medium-sized companies through a factoring joint venture with Nippon Shinpan, Japan's largest consumer financing company.

The new venture, to be named International Factoring Corporation (IFC), will concentrate on factoring, which involves the purchase of debts and servicing of accounts, and direct loans to companies. The company will also involve itself in management consultancy.

The partners in the venture are B. A. Finance Japan, a wholly-owned subsidiary of Bank of America, and Nippon Shinpan. Each will take a 45 per cent share of the initial Y300m ($1.4m) capital, with the remainder spread among Japanese Banks and insurance companies.

The territory that IFC hopes to map out for itself has been largely neglected — by U.S. standards — in Japan. BankAmerica's interest in developing this field stems largely from the need to find new avenues for business in Japan, a problem that has plagued many foreign banks with branches in Japan in recent years of sluggish loan business.

The potential is seen in areas such as factoring, along the U.S. model, geared for smaller companies, in which a factoring company buys the accounts receivable, invoices and so on from a company, making a charge to process and collect the bills.

There is thought to be considerable psychological resistance to this kind of financing in Japan. Companies here are used to basing their daily business almost entirely on the issue of short-term promissory notes to suppliers.

A business has developed in Japan which centres mostly on the discounting of these notes, *through companies established* for the purpose by large Japanese banks.

One study indicates that the companies are most often involved with discounting the notes of smaller companies which a bank would rather not deal with directly.

The key difference between the Japanese system and U.S. factoring practice is that the former does not involve the final collection of bills. Japanese companies, it seems, would prefer to keep the payments relationship directly with the company initially involved, with which it may have long-standing ties of trust. In the case of bank factoring companies, it sometimes happens that, once a customer proves itself reliable, the parent bank will take on the discounting business directly.

All of this has tended to limit the growth of the factoring industry. The bulk of Nippon Shinpan's activities centre on *consumer financing*.

This raises the question of how the U.S. system of factoring will attract customers and how the quality of the customers will be checked. For IFC, business will focus initially on companies with ties with Nippon Shinpan. It will apply U.S. techniques, *especially on evaluating* credit risks, in offering its services.

There is increasing interest on the part of foreign banks in establishing themselves in the assets financing of the Japanese market, which covers areas such as leasing as well as accounts receivable financing.

* * *

NET FOREIGN purchases of Japanese stocks rose sharply in March to Y91.62bn ($430m), the fourth largest monthly figure on record, following Y74.92bn in February.

The record was Y220.95bn in September last year followed by Y189.07bn last August and Y105.10bn in January this year, Reuter reports from Tokyo.

The high level of foreign purchases this year is attributed to active buying by European and U.S. pension and trust funds, while last year they mainly followed big purchases by Middle East oil-producing countries.

Total foreign purchases in March reached a record Y359.72bn, compared with the previous record Y335.64bn last September.

Total selling in March also reached a record at Y268.10bn, compared with Y224.38bn last October.

Buying interest among foreign and Japanese investors last month was touched off by the one percentage point cut in the Bank of Japan's official discount rate to 6.25 per cent and newspaper reports that Saudi Arabia might invest $1bn in Japanese stocks, dealers said.

Strong overseas sales boost Komatsu earnings

BY YOKO SHIBATA IN TOKYO

KOMATSU, JAPAN'S leading manufacturer of construction machinery, raised its consolidated net profits by 16.9 per cent to Y27.77bn ($130.3m) in the fiscal year ended December 31, helped by booming overseas sales.

Consolidated sales for the year were Y647.77bn ($3bn), up 16 per cent. Profits per share rose to Y37.77, from Y32.79.

Komatsu's domestic sales affected by sluggish domestic demand for constrction machinery, and showed an increase of only 5 per cent. The weak domestic sales, however, were offset by gains of overseas subsidiaries. Overseas sales increased by 34.4 per cent to account for 43 per cent of the total aided by a steady increase in sales of off-highway dump trucks, graders and four-wheeled front-end loaders.

Sales in the Middle East, Africa and South East Asia were brisk. In addition to increased sales volume, marking-up of selling prices in June and November contributed to the sales value improvement as well as helping to offset higher costs.

For the current year, ending December, the company expects to maintain its domestic sales of construction machinery at last year's level, helped by an increase in sales of industrial machinery. Continuing growth in export volume is expected.

Both consolidated sales and net profits for the current year are expected to improve.

Neptune Orient goes public for S$160m

BY GEORGIE LEE IN SINGAPORE

NEPTUNE ORIENT LINES (NOL), the Singapore national shipping line, is making a public offer of 40m new shares to raise S$160m (equivalent to some U.S.$73m) and is seeking a listing on the Stock Exchange of Singapore.

The issue of the new shares of S$1 par value each at S$4 per share will make the shipping line the *second*, after Straits Steamship, to be quoted on the Singapore exchange.

With the issue, NOL's issued capital will be raised from S$90m to S$130m. Only a few days ago, its issued capital was increased from S$75m by a scrip issue of one new share for every five held. The new issue will reduce the Singapore Government's stake, held through Temasek Holdings, to almost 70 per cent.

The net tangible asset backing per share after the issue will be about S$2.33. However, the group's assets have not been revalued for the purpose of the public issue. The value of its assets is believed to be substantially higher than the current book figure.

As at the end of last year, the group had total assets of S$855.3m. Total liabilities amounted to S$707.7m, of which S$511.3m was long term, while shareholders' funds amounted to S$147.6m.

The bulk of NOL's earnings are exempt from tax, since the income of the shipping line is derived substantially from the operations of Singapore registered ships. Only its non-shipping activities, which are not significant, are taxable.

For the year to December, the group's post-tax earnings before extraordinary items were S$24.6m, against S$17.9m in 1979 and S$27.1m in 1978.

The group expects to maintain the same rate of dividend on the enlarged capital in the current year.

The company's directors are confident that with the injection of the share issue proceeds and an improved outlook for *Far East-U.S. liner service*, post tax profit in the current year will show a significant improvement over 1980. Freight rates in the U.S.-Far East service are expected to increase in the second half of this year.

Sharp rise for Keppel Shipyard

By Our Singapore Correspondent

KEPPEL SHIPYARD, the major shipyard, has reported a sharp rise in earnings for the year to December.

Group pre-tax profit was almost two-and-a-half times that o fthe 1979 figure, at S$104.3m (U.S.$50m) on group sales up by 49 per cent to S$568m (U.S.$270m). With the tax charge rising by only 54 per cent to S$28.9m net profit was more than three times the 1979 figure at S$75.5m.

After deductions minority interests, profit attributable to shareholders rose by 187 per cent to S$74.2m.

A marked improvement was recorded in the company's activities. The ship-repair division recorded the best improvement. The parent company, which is the main contributor in this division, registered a 67 per cent rise in pre-tax profit to a record of S$70.2m.

CURRENCIES, MONEY and GOLD

Sterling weak

Sterling fell sharply in currency markets yesterday following reports that IMF loans could now be made in sterling. The effect of such a move could relieve the upward pressure on sterling by increasing the amount in circulation. The IMF holds around $4bn of sterling at the moment. There was also some apprehension ahead of today's UK banking figures, which may show a favourable trend, and increase speculation over an early cut in MLR.

The dollar benefited from increased tension over the situation in Poland, and a firmer trend in U.S. interest rates. *It touched a record level* against the Italian lira, and was at its best level against the D-mark since mid-February.

European currencies were weaker against the dollar but improved against sterling. Within the European Monetary System the Belgian franc improved to be fixed above its floor level against the D-mark. It was, however, still outside its divergence limit against the ECU. The D-mark remained the strongest currency followed closely by the French franc, while the Belgian franc was again the weakest.

STERLING—trade weighted index (Bank of England) fell to 98.7 from 99.5, having stood at 99.3 in the morning, and 98.4 at noon. Sterling recovered some ground during the afternoon, but still finished well below Friday's levels. Against the dollar, the pound was quoted at $2.1950 at one point early in the day, but well to a low of $2.1650, before recovering to close at $2.1685-2.1695, a fall of 3.65c. and its lowest closing level for a year. Against *the D-mark it fell* to DM4.6775 from DM 4.68 but closed at FFr 11.03 against FFr 11.02 in terms of the French franc.

DOLLAR—trade weighted index (Bank of England) rose from 101.0 to 101.5. The dollar improved against all major currencies. Euro-dollar rates rose sharply, with one-month deposits at 16¾ per cent compared with 14¾ per cent, and three-month at 15¾ per cent from 14¾ per cent. The dollar closed at DM 2.1555 against the D-mark from DM 2.1210 previously, and SwFr 1.9695 compared with SwFr 1.9340. It was also firmer against the Japanese yen at Y214.0 from Y213.10.

D-MARK—One of the strongest members of the European Monetary System, helped by a sharp rise in West German interest rates, and the introduction of a special Lombard facility. Against the dollar however, the D-mark continues to weaken, as the situation in Poland causes increasing concern—The D-mark was mostly weaker at yesterday's fixing in Frankfurt. The dollar rose to DM 2.1469 from DM 2.1275 amid *fears that Russia would act to* solve current industrial unrest in Poland. The U.S. unit may also have benefited from a slightly firmer trend in U.S. interest rates. There was however no intervention by the Bundesbank in the market. The Belgian franc was fixed above its floor level of DM 6.099 per BFr 100, at a level seen on Friday, at DM 6.102.

ITALIAN LIRA—Remaining steady around the middle of the EMS after the latest economic package, which included a 6 per cent devaluation against its EMS partners and a 2½ point rise in the discount rate to 19 per cent. The lira had previously been the weakest member of the system—The lira fell to a record low against the dollar at yesterday's fixing in Milan, but improved slightly within the EMS.

THE POUND SPOT AND FORWARD

April 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1650-2.1950	2.1685-2.1695	0.70-0.80c dis	−4.15	1.70-1.80dis	−3.23
Canada	2.5670-2.5980	2.5740-2.5750	1.10-1.20c dis	−5.38	2.80-2.95dis	−4.47
Nethlnd.	5.14-5.22	5.17½-5.18½	1c pm-par	1.16	2-1 pm	1.16
Belgium	76.10-77.10	76.45-76.55	120-140c dis	−20.39	160-180 dis	−8.89
Denmark	14.64-14.82	14.70½-14.71½	2-3¾ore dis	−2.35	8¾-10½ dis	−2.60
Ireland	1.2735-1.2935	1.2805-1.2920	0.17-0.30p dis	−2.20	0.63-0.77dis	−2.19
W. Ger.	4.65-4.71	4.67¼-4.68¼	par-½pf dis	−0.64	¼-¾ dis	−0.43
Portugal	125.00-127.00	125.55-125.75	58-80c dis	−6.59	25-185 dis	−3.34
Spain	188.80-190.10	189.50-189.70	70-100c dis	−5.38	170-245 dis	−4.38
Italy	2,315-2,343	2,321-2,323	13-15lire dis	−7.24	43¾-46¾ dis	−7.71
Norway	11.75-11.91	11.77½-11.78½	¾ore pm-⅞ dis	−0.08	1½ pm-½dis	−0.30
France	10.95-11.07	11.02½-11.03½	1-2c dis	−1.63	4½-5½ dis	−1.81
Sweden	10.10-10.23	10.13¼-10.14¼	2¼-3¼ore dis	−3.85	8¾-9¾ dis	−3.65
Japan	455-472	457½-458½	2.20-1.90y pm	5.37	5.70-5.40 pm	4.85
Austria	32.90-33.35	33.02-33.07	3gro pm-2 dis	0.18	8 pm-1 dis	0.42
Switz.	4.24-4.29	4.27-4.28	2-1c pm	4.21	5-4 pm	4.21

Belgian rate is for convertible francs. Financial franc 79.75-79.85. Six-month forward dollar 3.85-3.95c dis. 12-month 6.20-6.40c dis.

THE DOLLAR SPOT AND FORWARD

April 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1650-2.1950	2.1685-2.1695	0.70-0.80c dis	−4.15	1.70-1.80dis	−3.23
Ireland†	1.6930-1.7000	1.6930-1.6950	0.25-0.35c dis	−2.12	0.40-0.50dis	−1.06
Canada	1.1854-1.1880	1.1876-1.1879	0.19-0.24c dis	−2.17	0.47-0.52dis	−1.67
Nethlnd.	2.3745-2.3800	2.3785-2.3795	1.13-1.03c pm	5.45	2.68-2.58 pm	4.42
Belgium	35.10-35.27	35.25-35.27	35-55c dis	−15.35	40-65 dis	−5.97
Denmark	6.7540-6.7690	6.7585-6.7600	1.30-0.80ore pm	1.86	1.20-0.70 pm	0.56
W. Ger.	2.1405-2.1560	2.1550-2.1560	0.65-0.59pf pm	3.45	1.40-1.34 pm	2.54
Portugal	57.60-58.20	58.00-58.20	15c pm-15 dis	—	30 pm-40dis	−0.24
Spain	87.14-87.45	87.40-87.45	5-15c dis	−1.37	10-25 dis	−0.80
Italy	1,068-1,070	1,069-1,070	2½-3½lire dis	−3.36	12-14 dis	−4.86
Norway	5.4225-5.4370	5.4240-5.4260	2-1½ore pm	3.87	4¼-3¼ pm	2.95
France	5.0475-5.0875	5.0825-5.0875	1.10-0.95c pm	2.43	1.65-1.40 pm	1.20
Sweden	4.6640-4.6730	4.6700-4.6725	par-0.20ore dis	−0.26	0.60-0.80dis	−0.60
Japan	213.90-214.75	213.95-214.05	1.65-1.50y pm	8.83	4.10-3.95 pm	7.52
Austria	15.18¾-15.30	15.19¾-15.20¼	5.80-4.50gro pm	4.08	14.00-10.50pm	3.22
Switz.	1.9600-1.9700	1.9690-1.9700	1.39-1.29c pm	8.16	3.40-3.30 pm	6.80

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

April 6	Bank of England Index	Morgan Guaranty Changes%
Sterling	98.7	−27.3
U.S. dollar	101.5	−3.0
Canadian dollar	85.3	−17.4
Austrian schilling	115.8	+22.8
Belgian franc	107.7	+9.5
Danish kroner	89.1	−10.5
Deutsche mark	120.6	+40.5
Swiss franc	134.3	+74.4
Guilder	112.1	+15.3
French franc	86.7	−9.8
Lira	59.4	−54.9
Yen	145.4	+39.7

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

April 2	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.551866	0.539438
U.S. $	13	1.21990	1.19162
Canadian $	16.74	1.44448	1.41052
Austria Sch.	6¾	n.a.	17.9338
Belgium F.	16	42.5318	41.5919
Danish K.	11	8.16723	7.98384
D mark	7½	2.59534	2.53683
Guilder	9	2.87530	2.81126
French Fr.	9½	6.12573	5.98669
Lira	19	1293.09	1263.41
Yen	6¼	260.571	254.410
Norwgn. Kr.	9	6.62162	6.47346
Spanish Pts.	8	105.460	103.075
Swedish Kr.	12	5.64777	5.52196
Swiss Fr.	4	2.36722	2.31531
Greek Dr'ch.	20½	—	61.9284

OTHER CURRENCIES

April 6	£	$		£ Note Rates
Argentina Peso	6645-6665	3050-3060	Austria	32.75-33.15
Australia Dollar	1.8820-1.8850	0.8660-0.8665	Belgium	79.00-80.00
Brazil Cruzeiro	165.47-166.47	76.15-76.53	Denmark	14.60-14.75
Finland Markka	8.96-8.98	4.1225-4.1235	France	10.93-11.05
Greek Drachma	113.102-115.872	52.20-52.40	Germany	4.65-4.69½
Hong Kong Dollar	11.59-11.61	5.3400-5.3450	Italy	2290-2360
Iran Rial	166.75*	75.45*	Japan	464-470
Kuwait Dinar(KD)	0.599-0.605	0.2751-0.2753	Netherlands	5.16-5.21
Luxembourg Frs.	76.45-76.55	35.25-35.27	Norway	11.77-11.89
Malaysia Dollar	4.99-5.01	2.3010-2.3030	Portugal	124-127
New Zealand Dlr	2.4050-2.4070	1.1050-1.1070	Spain	183¾-195½
Saudi Arab. Riyal	7.30-7.36	3.3505-3.3525	Sweden	10.10-10.30
Singapore Dollar	4.55-4.57	2.0960-2.0980	Switzerland	4.24-4.28½
Sth African Rand	1.7590-1.7650	0.8110-0.8140	United States	2.16½-2.18½
U.A.E. Dirham	8.01-8.07	3.6715-3.6735	Yugoslavia	78-80

April 6 Australia Dollar/Sterling 1.9035-1.9055. Rate given for Argentina is free rate. *Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 6	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.5511	+1.84	+1.84	±1.5361
Danish Krone	7.91917	7.98343	+0.81	+0.81	±1.6413
German D-Mark	2.54502	2.53449	−0.41	−0.41	±1.1386
French Franc	5.99526	5.97132	−0.40	−0.40	±1.3638
Dutch Guilder	2.81318	2.80750	−0.20	−0.20	±1.5159
Irish Punt	0.685145	0.695209	+1.47	+1.47	±1.6688
Italian Lira	1262.92	1262.81	−0.01	−0.01	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

April 6	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.169	4.678	458.0	11.03	4.275	5.180	2322.	2.575	76.50
U.S. Dollar	0.461	1.	2.157	211.2	5.085	1.971	2.388	1071.	1.187	35.27
Deutschemark	0.214	0.464	1.	97.92	2.358	0.914	1.107	496.4	0.550	16.35
Japanese Yen 1,000	2.183	4.736	10.21	1000.	24.08	9.334	11.31	5070.	5.621	167.0
French Franc 10	0.907	1.966	4.241	415.2	10.	3.876	4.696	2105.	2.334	69.36
Swiss Franc	0.234	0.507	1.094	107.1	2.580	1.	1.212	543.2	0.602	17.89
Dutch Guilder	0.193	0.419	0.903	88.42	2.129	0.825	1.	448.3	0.497	14.77
Italian Lira 1,000	0.431	0.934	2.014	197.2	4.750	1.841	2.231	1000.	1.109	32.95
Canadian Dollar	0.388	0.842	1.817	177.9	4.284	1.661	2.012	901.9	1.	29.71
Belgian Franc 100	1.307	2.835	6.114	598.7	14.42	5.588	6.771	3035.	3.365	100.

FT LONDON INTERBANK FIXING (11.00 a.m. APRIL 6)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 15/16	offer 15 1/16	bid 14 15/16	offer 15 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

April 6	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	11⅝-11¾	15¾-16	16½-17½	9¾-10	10-10½	11⅛-11⅞	11¾-12	17-19	40-45	5½-6
7 days' notice	11⅝-11⅞	15¾-16	16½-17½	9¾-10	6½-7	12-12⅛	12-12¼	18¼-19¾	40-45	5⅞-6⅛
Month	12⅛-12¼	16¼-16½	17⅛-17½	10⅛-10⅜	7⅞-8	12⅛-12⅜	12¾-13	19-20	33-35	6¾-7
Three months	12⅛-12¼	15¾-16	16½-17¼	10½-10⅝	8⅛-8¼	12⅛-12⅜	13-13⅜	19½-20½	19-21	7¼-7½
Six months	12⅛-12⅜	15¾-16	15⅝-16	10⅝-10¾	8⅛-8¼	12½-12⅝	13¼-13⅝	19¾-20¾	16½-18½	7⅛-7⅜
One Year	12⅛-12⅜	15¼-15½	16¼-16⅝	10⅝-10⅞	7¾-7⅞	11⅞-12	13⅝-13⅞	19¼-20¼	14½-16½	7¾-8

SDR linked deposits: one-month 13¼-13½ per cent; three-months 12¾-13¼ per cent; six-months 12⅞-13⅛ per cent; one-year 12⅞-13⅛ per cent.

ECU linked deposits: one-month 13⅛-13⅜ per cent; three-months 13⅛-13⅜ per cent; six-months 13⅛-13⅜ per cent; one-year 12⅞-13⅛ per cent.

Asian $ (closing rates in Singapore): one-month 16¼-16½ per cent; three-months 15⅝-15⅞ per cent; six-months 15⅝-15⅞ per cent; one-year 15⅝-15⅞ per cent. Long-term Eurodollar two-years 14¾-15⅛ per cent; three-years 14¾-15⅛ per cent; four-years 14¾-15 per cent; five-years 14¾-15 per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 15.10-15.20 per cent; three-months 15.10-15.20 per cent; six-months 15.10-15.20 per cent; one-year 14.75-14.85 per cent.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on April 6, 1981. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate; no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	113.00
Albania	Lek	9.80
Algeria	Dinar	8.3470
Andorra	French Franc	11.03
	Spanish Peseta	189.60
Angola	Kwanza	(CM) 67.078
		(T) 67.839
Antigua (S)	E. Caribbean $	5.86
Argentina	Ar. Peso Free Rate	6,655.0
Australia (S)	*Australian $*	*1.8835*
Austria	Schilling	33.045
Azores	Portugu'se Escudo	125.65
Bahamas (S)	Ba. Dollar	2.1690
Bahrain (S)	Dinar	0.825
Balearic Isles	Spa. Peseta	189.60
Bangladesh (S)	Taka	37.15
Barbados (S)	Babados $††	4.3380
Belgium	B. Franc	(cm) 76.50
		(fn) 79.80
Belize	B $	4.3380
Benin	C.F.A. Franc	551.50
Bermuda (S)	Bda $	2.1690
Bhutan	Indian Rupee	18.00
Bolivia	Bolivian Peso	54.45
Botswana (S)	Pula	1.7020
Brazil	Cruzeiro ‡‡	165.97
Brit. Virgin Isles (S)	U.S. $	2.1690
Brunei (S)	Brunei $	4.56
Bulgaria	Lev	2.04
Burma	Kyat	14.65
Burundi	Burundi Franc	203.37
Cameroon Republic	C.F.A. Franc	551.50
Canada	Canadian $	2.5745
Canary Islands	Spanish Peseta	189.60
Cape Verde Isle	Cape V. Escudo	79.50
Cayman Islands (S)	Cay. Is. $	1.8075
Cent. Af. Repub.	C.F.A. Franc	551.50
Chad	C.F.A. Franc	551.50
Chile	C. Peso	(Bk) 84.92
China	Renminbi Yuan	3.6269
Colombia	C. Peso	(F) 113.64
Comoro Islands	C.F.A. Franc	551.50
Congo (Brazzaville)	C.F.A. Franc	551.50
Costa Rica	Colon	37.25
Cuba	Cuban Peso	1.5860
Cyprus (S)	Cyprus £	0.8690
Czechoslovakia	Koruna	(com) 13.20
		n/c 22.98
		(T) 22.40
Denmark	Danish Krone	14.71
Djibouti	Fr.	375 (sg)
Dominica (S)	E. Caribbean $	5.86
Dominican Repub.	*Dominican Peso*	2.1690
Ecuador	Sucre	(O) 54.44
		(F) 66.41
Egypt	Egyptian £	(U) 1.53
Equatorial Guinea	Ekuele	379.2
Ethiopia	Ethiopian Birr	(P) 4.4750
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	14.71
Fiji Islands	Fiji $	1.7935
Finland	Markka	8.97
France	French Franc	11.03
French C'tyin Af*	C.F.A. Franc	551.50
French Guiana	Local Franc	11.03
French Pacific Is.	C.F.P. Franc	190 (sg)
Gabon	C.F.A. Franc	551.50
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.6775
Germany (West)	Deutsche Mark	4.6775
Ghana (S)	Cedi	6.16
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	114.537
Greenland	Danish Kroner	14.71
Grenada (S)	E. Caribbean $	5.86
Guadaloupe	Local Franc	11.03
Guam	U.S. $	2.1690
Guatemala	Quetzal	2.1690
Guinea Republic	Syli	43.75
Guinea Bissau	Peso	78.00
Guyana (S)	Guyanese $	5.55
Haiti	*Gourd*	*10.848*
Honduras Repub.	Lempira	4.3768
Hong Kong (S)	H.K. $	11.60
Hungary	Forint	(com) 76.1468
		(T)(nc) 67.063
Iceland (S)	I. Krona	14.543(§)
India (S)	Ind. Rupee	18.00
Indonesia	Rupiah	1,361.25
Iran	Rial	166.75(sg)
Iraq	Iraq Dinar	0.64775
Irish Republic (K)	Irish £	1.29125
Israel	Shekel	19.85
Italy	Lira	2,322.0
Ivory Coast	C.F.A. Franc	551.5
Jamaica (S)	Jamaica Dollar	3.8684
Japan	Yen	458.0
Jordan (S)	Jordan Dinar	0.695(sg)
Kampuchea	Riel	2,602.8
Kenya (S)	Kenya Shilling	18.15
Kiribati	Australian $	1.8835
Korea (Nth)	Won	2.12(ll)
Korea (Sth)	Won	1,482.81
Kuwait	Kuwait Dinar	0.602
Laos	New Kip	21.69
Lebanon	Lebanese £	8.6395
Lesotho	Loti	1.7620
Liberia	Liberian $	2.1690
Libya	Libyan Dinar	0.6420
Liechtenstein	Swiss Franc	4.275
Luxembourg	Lux Franc	76.50
Macao	Pataca	11.55
Madeira	Portug'se Escudo	125.65
Malagasy Republic	MG Franc	551.50
Malawi (S)	Kwacha	1.90
Malaysia (S)	Ringgit	5.00
Maldive Islands	Mal Rupee	8.5595
Mali Republic	Mali Franc	1,103.0
Malta (S)	Maltese £	0.8205
Martinique	Local Franc	11.03
Mauritania	Ouguiya	107.70
Mauritius (S)	M. Rupee	17.70
Mexico	*Mexican Peso*	51.73
Miquelon	C.F.A. Franc	551.5
Monaco	French Franc	11.03
Mongolia	Tugrik	(o) 7.05(ll)
Montserrat	E. Caribbean $	5.86
Morocco	Dirham	10.52(sg)
Mozambique	Metical	61.40
Nauru	Australian Dollar	1.8835
Nepal	Nepalese Rupee	26.15
Netherlands	Guilder	5.18
Netherland Antilles	Antillian Guilder	3.8825
New Zealand (S)	N. Z. Dollar	2.4060
Nicaragua	*Cordoba*	21.77
Niger Republic	C. F. A. Franc	551.5
Nigeria (S)	*Naira*	1.257479(sg)
Norway	Norway Krone	11.78
Oman Sul'ate of (S)	Rial Omani	0.756
Pakistan	Pakistan Rupee	21.50
Panama	Balboa	2.1690
Papua N.Guinea (S)	Kina	1.4370
Paraguay	Guarani	274.37
Peru	Sol	exc (A) 862.44
Philippines	Philippine Peso	16.51
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.4060
Poland	Zloty	(Cm) 73.13
		(T) 73.13
Portugal	Portugu'se Escudo	125.65
Puerto Rico	U.S. $	2.1690
Qatar (S)	Qatar Ryal	7.97
Reunion Ile de la	French Franc	11.03
Romania	Leu	(Cm) 10.61
		(n/c) 25.98
Rwanda	Rwanda Franc	210.79
St. Christopher (S)	E. Caribbean $	5.86
St. Helena	St. Helena £	1.0
S. Lucia	E. Caribbean $	5.86
St. Pierre	Local Franc	11.03
S. Vincent (S)	E. Caribbean $	5.86
Salvador El	Colon	5.55
Samoa American	U.S. $	2.1690
San Marino	Italian Lira	2,322.0
Sao T'oe&Principe	Dobra	80.20
Saudi Arabia	Ryal	7.33
Senegal	*C.F.A. Franc*	551.5
Seychelles	S. Rupee	12.97(sg)
Sierra Leone (S)	Leone	2.4900
Singapore (S)	Singapore $	4.56
Solomon Islands (S)	Solomon Is. $	1.8880
Somali Republic	Somali Shilling	(A) 13.07
South Africa (S)	Rand	1.7620
South West African Territories (S)	S. A. Rand	1.7620
Spain	Peseta	189.60
Spanish ports in North Africa	Peseta	189.60
Sri Lanka (S)	S. L. Rupee	39.05
Sudan Republic	Sudan £ (1)	1.08
Sudan Republic	Sudan £ (2)	1.75
Surinam	S. Guilder	3.8825
Swaziland (S)	Lilangeni	1.7620
Sweden	S. Krona	10.1375
Switzerland	Swiss Franc	4.275
Syria	Syria £	(A) 8.50
Taiwan	New Taiwan $	78.08
Tanzania (S)	Tan. Shilling	18.0
Thailand	Baht	N/A
Togo Republic	C.F.A. Franc	551.5
Tonga Islands (S)	Ha'anga	1.8835
Trinidad (S)	Trinidad & Tob. $	5.2056
Tunisia	Tunisian Dinar	0.988(sg)
Turkey	Turkish Lira	215.98
Turks & Caicos	U.S. $	2.1690
Tuvalu	Australian $	1.8835
Uganda (S)	Uganda Shilling	18.10
United States	U.S. Dollar	2.1690
Uruguay	Uruguay Peso	(cm) 23.65
		(fn) 22.65
Utd. Arab Emirates	U.A.E. Dirham	8.04
U.S.S.R.	Rouble	1.5860
Upper Volta	C.F.A. Franc	551.5
Vanuatu	Vatu	167(sg)
	Aust. Dollar	1.8835
Vatican	Italian Lire	2,322.0
Venezuela	Bolivar	9.40
Vietnam	Dong	(O) 4.7285
		(T) 5.18(11)
Virgin Islands U.S.	U.S. Dollar	2.1690
Western Samoa (S)	Samoan Tala	2.1155
Yemen (Nth)	Ryal	9.90(sg)
Yemen (Sth)	S. Yemen Dinar	(A) 0.7440
Yugoslavia	New Y Dinar	72.1133
Zaire Republic	Zaire	6.902985
Zambia	Kwacha	1.8405
Zimbabwe	Zimbabwe $	1.4330

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports. 91.10. ** Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (||) Based on gross rates against Russian rouble. (1) Official rates for government transactions and specified exports and imports. (2) Parallel rate for non-government transactions and non-specified exports and imports. § One new Krona=100 old Kronur.

INTERNATIONAL MONEY MARKET

German rates mixed

German short term interest rates showed mixed changes, with call money unchanged at 12-12.10 per cent. The Bundesbank special Lombard facility will remain open today at 12 per cent.

One-month money fell to 12.70-12.80 per cent from 12.80-13.00 per cent, and three-month to 13.25-13.35 per cent from 13.30-13.40 per cent. Six-month funds were quoted at 13.00-13.10 per cent, compared with 12.90-13.15 per cent, and 12-month at 12.15-12.35 per cent against 12.10-12.35 per cent.

In Tokyo short term rates tended to ease, reflecting comfortable money market conditions, as the Bank of Japan added liquidity. This helped to improve the position of commercial banks, which had been under pressure to meet their reserve requirements.

In Holland call money was unchanged at 9¾-10 per cent, but period rates were generally firmer. One-month rose to 10¼-10⅜ per cent from 10-10¼ per cent; three-month to 10⅜-10⅝ per cent from 10¼-10½ per cent; and six-month to 10½-10¾ per cent from 10⅜-10⅝ per cent. 12-month funds were quoted at 10½-10¾ per cent, compared with 10¼-10½ per cent.

UK MONEY MARKET

Adequate supply

Bank of England Minimum Lending Rate 12 per cent (from March 10, 1981)

Day-to-day credit was in adequate supply in the London money market yesterday, and the authorities did not intervene, probably leaving a small surplus to be carried forward.

Very large Government disbursements exceeded revenue payments to the Exchequer, but the market was faced with the unwinding of a moderate repurchase agreement on eligible bank bills, small commercial bill maturities in official hands, and small run down balances brought forward by the banks.

Discount houses paid 11-11¾ per cent for secured call loans at the start, with closing balances taken at 11¾-12 per cent.

In the interbank market overnight loans traded between 11 per cent and 13 per cent, before closing around 12 per cent.

Short-term interest rates showed a slightly easier trend in quiet trading ahead of today's preliminary guide to the money supply figures.

GOLD

Firmer trend

Gold rose $8 an ounce in the London bullion market yesterday to $530-533. It opened at $532-535 and traded within a narrow range in very quiet trading. Tension over the situation in Poland was keeping interest in the metal to a minimum.

In Paris the 12½ kilo bar was fixed at FFr 88,750 per kilo ($545.80 per ounce) in the afternoon compared with FFr 88,750 ($546.20) in the morning and FFr 87,250 ($540.43) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 36,925 per kilo ($535.02 per ounce) against DM 35,810 ($524.23), and closed at $532-535 per ounce against $522-525.

	April 6		April 3	
Gold Bullion (fine ounce)				
Close	$530-533	(£244¼-245½)	$522-525	(£237-238¼)
Opening	$532-535	(£243-244¼)	$521-524	(£235¾-237¼)
Morning fixing	$534.25	(£245.181)	$523.50	(£236.450)
Afternoon fixing	$533.75	(245.042)	$523	(£237.511)
Gold Coins				
Krugerrand	$544-545½	(£250-250¾)	$539-540	(£244¾-245¼)
1/2 Krugerrand	$281-282	(£129-129½)	$278-279	(£126¼-126¾)
1/4 Krugerrand	$143½-144½	(£66-66½)	$142-143	(£64½-65)
1/10 Krugerrand	$60½-61½	(£27¾-28¼)	$58-59	(£26¼-26¾)
Mapleleaf	$539-540½	(£247¾-248¼)	$537-539	(£243¾-244¾)
New Sovereigns	$132-133	(£60½-61)	$130½-131½	(£59¼-59¾)
King Sovereigns	$151-153	(£69½-70½)	$150-152	(£68-69)
Victoria Sovs	$151-153	(£69½-70½)	$150-152	(£68-69)
French 20s	$172-174	(£79-80)	$170-173	(£77¼-78½)
50 pesos Mexico	$657-662	(£302-304¼)	$646-651	(£293¼-295½)
100 Cor. Austria	$515-520	(£236¾-239)	$504-509	(£228¾-231)
$20 Eagles	$634-639	(£291¼-293½)	$632-637	(£287-289¼)

LONDON MONEY RATES

April 6 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11-13	11½-11¾	—	—	11¾-12	11-12	—	—	—
2 days notice	—	—	11⅞-12	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11½-11⅞	12-12⅛	—	12¼	12¼	11½-11¾	—	—	—
One month	12⅛-12¼	12⅛-12¼	12-12⅛	13⅛-12⅞	12½	12½	11¾-11⅞	11⅝-11¾	11⅜	12⅜
Two months	12⅜-12¼	12⅛-12¼	—	13-12⅝	12½	12⅝	11⅜	11⅜	11⅜-11⅞	12⅜
Three months	12⅛-12¼	12⅛-12¼	12-12⅛	12⅞-12½	12⅜	12⅝	11⅝	11⅜	11⅜-11⅝	12¼
Six months	11¾-11⅞	11⅞-12⅛	12-12⅛	12¾-12⅛	12⅜	12½	—	—	11⅜	11¾
Nine months	11⅜-11¾	11⅞-12⅛	—	12⅝-12⅛	12⅜	12½	—	—	—	—
One year	11⅜-11¾	11⅞-12⅛	12-12⅛	12¼-12	12¼	12½	—	—	—	—
Two years	—	—	12⅛-12¾	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 12⅞ per cent; four years 13-13⅛ per cent; five years 13⅛-13⅜ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-months bank bills 11½-11⅝ per cent; four-months trade bills 12⅜ per cent.

Approximate selling rate for one-month Treasury bills 11½-11⅝ per cent; two-months 11½ per cent; three-months 11⅜ per cent. Approximate selling rate for one-month bank bills 11¾ per cent; two-months 11⅝-11¾ per cent; three-months 11⅝ per cent; one-month trade bills 12⅜ per cent; two-months 12⅜ per cent and three-months 12 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from April 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.4276 per cent.

MONEY RATES

NEW YORK	
Prime Rate	17
Fed. Fund	16-16¼
Treasury Bills (13-week)	13.09
Treasury Bills (26-week)	12.80
GERMANY	
Special Lombard	12.0
Overnight Rate	12.05
One month	12.75
Three months	13.30
Six months	13.05
FRANCE	
Intervention Rate	12.5
Overnight Rate	12.25
One month	12.875
Three months	13.125
Six months	13.1875
JAPAN	
Discount Rate	6.25
Call (Unconditional)	7.375
Bill Discount (three-month)	7.28125

Dow falls 13.5 in early trade

WORRIES ABOUT interest rates and continuing tension in Poland sent Wall Street into a sharp retreat yesterday morning. However, the trading pace slowed after a busy first hour and was only moderate by mid-session.

The Dow Jones Industrial Average, by mid-day, had fallen 13.50 to 993.61. The NYSE All Common Index receded 89 cents to $77.25, while declines predominated over gains by a four-to-one ratio. Turnover amounted to 25.99m shares, well below last Friday's noon level of 36.26m.

Analysts said a Federal Reserve report late last Friday on Fed decisions made in February led investors to believe the Fed wants rates to remain high for a while longer. The Fed keeps its decisions secret for a month. More banks raised their broker loan rates, moves that often precede Prime Rate increases.

Interest rate-sensitive stocks were easier. Among the actives, K Mart slipped ¼ to $20¼, Sears Roebuck ¼ to $18⅞ and American Telephone ⅝ to $51⅜.

Bankamerica lost ¼ to $26¼, Citicorp ⅞ to $21⅞, First Chicago ½ to $15¼, Great Western Financial ⅜ to $17⅝, Financial Corporation of Santa Barbara ½ to $11, Aetna Life $1 to $32⅞, Connecticut General ⅞ to $51, MGIC Investment ⅝ to $36 and American Express 1⅜ to $42⅜.

Oil, Defence, Technology and Motor stocks lost ground, but takeover news helped some issues.

Brookwood Health Services rose 4⅞ to $37½ bid. It has agreed to merge with American Medical International for $40 a share in stock.

THE AMERICAN SE Market Value Index weakened 5.57 to 363.56 at noon. Volume 2.92m shares (3.27m).

Canada

Golds and Real Estate stocks recorded gains, but all other major sectors were lower at mid-day yesterday after active dealings.

The Toronto Composite index fell 19.5 to 2,354.7 at noon with declines leading advances by 258 to 158 on the Exchange. Oil and Gas receded 81.6 to 4,560.9, but Golds advanced 38.6 to 4,425.9. In Montreal, Banks shed 2.99 to 410.84.

Closing prices for North America were not available for this edition.

Tokyo

After a setback in Saturday's half-day session on profit-taking and concern about the Polish situation, market favourites showed renewed strength yesterday in fairly active trading.

The Nikkei-Dow Jones Average, having slipped back 32.30 on Saturday, advanced 58.85 to 7,447.74, a new all-time high. The Tokyo SE index, down 2.50 on Saturday, climbed 3.49 to 537.14, while rises outpaced falls on the First Market section by 356 to 248. Volume came to 360m shares, against 230m traded in Saturday's short session.

Large-capital issues led the advance on active buying by Japanese corporations, whose interest burdens have been eased by last month's 1 percentage point cut in Bank of Japan Official Discount Rate, dealers said.

Mitsubishi Electric rose Y12 to Y292, Toshiba Y13 to Y331, Hitachi Y11 to Y439, Mitsui Shipbuilding Y7 to Y209, Kawasaki Heavy Y6 to Y200, Nippon Steel Y2 to Y168 and Kobe Steel Y3 to Y183.

The Matsushita Electric company group, together with other high-priced Light Electricals, Synthetic Fibres, most Precision Instruments and other Blue Chips also moved ahead. Matsushita Electric put on Y40 to Y1,160, Matsushita Communication Y170 to Y2,740, Victor Japan Y100 to Y3,000, Pioneer Electronic Y100 to Y3,240, Kuraray Y14 to Y185, Toray Y8 to Y304, Canon Y14 to Y985 and Tokyo Marine Insurance Y7 to Y666.

Coals, Oils and Non-ferrous Metals improved afresh, still reflecting the uncertain situation in Poland, with Mitsui Mining adding Y7 at Y682, General Oil Y20 at Y915, Mitsubishi Metal Y5 at Y193 and Nippon Oil Y30 at Y1,300.

However, Pharmaceuticals were easier on profit-taking.

Germany

Following last week's strong rise, shares were mixed yesterday in quiet trading, with brokers pointing to a substantial calming of market activity.

Brokers said share-swapping operations by domestic professional traders had slowed market movements, but purchasing by new foreign investors boosted some sectors. The Commerzbank index, having advanced 32.1 over the past week, managed to edge up 1.0 more to a new high for the year of 707.4.

Motors benefited the most yesterday from foreign buying, with Mercedes rising DM 6, Daimler DM 4.50, BMW DM 2.90 and Volkswagen DM 1.

Banks, in contrast, receded, with Dresdner Bank posting a decline of DM 1.80 at DM 158.00 after announcing lower earnings for 1980. Bayerische Vereinsbank slipped DM 2.00 and Commerzbank DM 1.70. Bayerische Hypobank fell DM 1.50 on news of a lower dividend for 1980.

Kloeckner-Werke fell DM 4 to DM 58 among lower major Steel shares. Krupp Stahl shed DM 2.40 and Thyssen DM 1.50. Falling prices for steel and a gloomy outlook for the steel industry this year were said to be depressing the sector.

The Domestic Bond market weakened as investors held back from any new purchases, and prices fell as much as 80 pfennigs. The Bundesbank bought DM 4.5m of paper, after buying DM 2.8m last Friday.

Australia

Heavy overseas buying spurred the Mining and Oil sectors further ahead, while Industrials also showed a higher tendency.

The Australian All Ordinaries index climbed 8.2 more to a 1981 peak of 737.3, while the Metals and Minerals index put on 10.4 to 655.3 and Oil and Gas 15.6 to a record 1,081.8.

However, the Rundle Oil Shale twins fell sharply on the announcement that development of the oil shale deposits was looking more costly and difficult. Central Pacific retreated 8[illegible] cents to A$3.40 and Southern Pacific 60 cents to A$1.35.

BHP finished 35 cents stronger at A$15.10, after sales at A$15.3[illegible], while Bridge Oil rose 28 cents to A$8.08, Magellan Oil 50 cents to A$8.50, Santos 20 cents [illegible] A$24.20, Hartogen Energy [illegible] cents to A$9.80 and Woodside Petroleum 5 cents to A$2.7[illegible]. Easier exceptions, however, in the Oil and Gas group included Vamgas, A$9.40, Ampol Exploration, A$5.10, and Crusader Oil A$7.60, which relinquished [illegible] cents apiece of their recent advances.

Bond Corporation climbed [illegible] cents to a record A$4.15 following a broker's advice to buy on the basis of the group's asset backing from oil and gas shareholdings.

Western Mining moved ahead 18 cents to A$5.64, MIM 15 cents to A$5.00, CRA 20 cents [illegible] A$4.95, and the latter's take-over target, Hamersley, 15 cents [illegible] A$4.65.

Containers added 70 cents to A$6.06 following a higher b[illegible] for the company from APM.

Hong Kong

The market was closed yesterday for the holiday following the Ching Ming Festival.

Switzerland

Share prices closed easier as rising concern over the Polish situation dampened investor enthusiasm.

Johannesburg

In observance of the Founders' Day holiday, the Johannesburg market stayed closed yesterday.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

SWEDEN

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

SWITZERLAND

HONG KONG

SINGAPORE

SOUTH AFRICA

BRAZIL

Indices

NEW YORK —DOW JONES

	Apr. 3	Apr. 2	April 1	Mar. 31	Mar. 30	Mar. 27	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
◆Industr'ls	1007.11	1009.1	1014.14	1005.87	992.16	994.78	1016.22 (25/3)	951.57 (13/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	61.59	61.62	62.04	61.99	61.87	61.66	65.78 (5/1)	61.58 (3/4)	—	—
Transport.	458.71	440.55	439.06	437.62	430.55	430.19	440.35 (2/4)	379.12 (20/2)	440.65 (2/4/81)	12.23 (8/7/32)
Utilities	109.46	110.05	109.73	103.02	107.82	107.55	117.81 (5/1)	105.41 (25/2)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's	48,680	52,570	54,660	50,989	53,500	46,950	—	—	—	—

◆Day's high 1017.02 low 1000.72

Ind. div. yield %	Mar. 27	Mar. 20	Mar. 13	Year ago (approx)
	5.57	5.58	5.66	6.70

STANDARD AND POORS

	Apr. 3	Apr. 2	April 1	Mar. 31	Mar. 30	Mar. 27	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	155.56	154.54	154.36	154.19	152.22	152.76	157.02 (6/1)	143.75 (2/2)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	135.49	136.32	136.57	136.00	134.28	134.85	138.12 (6/1)	126.68 (20/2)	140.52 (28/11/80)	4.40 (1/6/32)

	Apr. 1	Mar. 25	Mar. 18	Year ago (approx)
Ind. div. yield %	4.47	4.44	4.54	5.76
Ind. P/E Ratio	9.64	9.58	9.45	7.19
Long Gov. Bond Yield	12.46	12.63	11.91	12.34

N.Y.S.E. ALL COMMON

Apr. 3	Apr. 2	Apr. 1	Mar. 31	1981 High	1981 Low
78.14	76.57	76.62	78.27	79.14 (5/1)	72.45 (20/2)

Rises and Falls	Apr. 3	Apr. 2	Apr. 1
Issues Traded	1,890	1,916	1,921
Rises	631	760	929
Falls	886	763	613
Unchanged	373	393	379
New Highs	—	132	152
New Lows	—	5	7

MONTREAL

	Apr. 3	Apr. 2	Apr. 1	Mar. 31	1981 High	1981 Low
Industrials	359.06	399.25	394.92	386.50	399.25 (2/4)	358.26 (20/2)
Combined	373.81	373.66	370.54	354.78	373.66 (2/4)	339.54 (20/2)
TORONTO Composite	2374.2	2373.2	2355.3	2333.1	2375.2 (2/4)	2161.4 (20/2)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Amer. Airlines	795,200	15¼	+ ⅜	Dow Chemical	616,700	36⅛	−1½
Black & Decker	634,700	18½	− ½	Sears Roebuck	536,300	19⅞	− ⅛
St. Joe Minerals	665,800	54¾	−1⅛	Cities SVC	543,300	44⅞	− ⅛
Amer. Cyanamid	642,500	34⅞	+ ⅞	Engelhard	485,600	44⅝	+ ⅝
IBM	620,800	61	−1⅛	Fluor	411,100	44⅛	−1⅛

	Apr. 6	Apr. 3	Apr. 2	Apr. 1	1981 High	1981 Low
AUSTRALIA						
All Ord. (1/1/80)	737.3	729.1	715.0	707.8	737.3 (6/4)	641.1 (17/2)
Metal & Minrls. (1/1/80)	655.3	644.9	624.5	622.0	735.2 (7/1)	554.8 (5/3)
AUSTRIA						
Credit Aktien (2/1/62)	62.27	62.45	62.55	62.95	66.45 (6/1)	62.27 (6/4)
BELGIUM						
Belgian SE (31/12/63)	82.53	82.92	82.70	82.76	86.15 (17/2)	82.16 (31/3)
DENMARK						
Copenhagen SE (1/1/73)	109.25	109.25	102.08	108.97	109.25 (3/4)	95.88 (2/1)
FRANCE						
CAC General (29/12/61)	108.1	108.70	110.0	111.7	112.5 (17/3)	103.1 (29/1)
Ind Tendance (31/12/80)	101.0	101.40	101.9	103.2	106.8 (15/3)	95.4 (27/1)
GERMANY						
FAZ-Aktien (31/12/58)	229.41	229.07	227.96	225.81	229.41 (6/4)	215.68 (9/2)
Commerzbank (Dec. 1953)	707.4	706.40	702.7	695.7	707.4 (6/4)	666.4 (16/2)
HOLLAND						
ANP-CBS General (1970)	89.1	90.0	89.8	89.6	90.5 (26/2)	85.7 (2/1)
ANP-CBS Indust. (1970)	68.8	68.8	68.8	68.5	68.8 (2/4)	62.8 (2/1)
HONG KONG						
Hang Seng Bank (31/7/64)	(c)	1409.06	1408.85	1387.76	1650.82 (4/2)	1295.44 (11/3)
ITALY						
Banca Comm. Ital (1972)	250.92	252.86	252.25	249.79	262.89 (3/4)	173.56 (6/1)
JAPAN						
Dow Average (16/5/49)	7447.74	7421.19	7416.97	7388.89	7447.74 (6/4)	6956.52 (13/3)
Tokyo New SE (4/1/68)	537.14	536.15	536.65	533.82	537.14 (6/4)	495.79 (5/1)
NORWAY						
Oslo SE (1/1/72)	119.56	118.88	118.62	119.31	124.18 (3/3)	116.22 (13/2)
SINGAPORE						
Straits Times (1966)	835.52	834.12	827.22	855.28	835.62 (6/4)	659.62 (2/1)
SOUTH AFRICA						
Gold (1958)	(c)	665.7	(u)	642.5	737.8 (7/1)	561.3 (3/3)
Industrial (1958)	(c)	622.4	(u)	620.8	622.4 (3/4)	537.2 (3/2)
SPAIN						
Madrid SE (30/12/80)	(c)	111.86	112.13	112.86	114.26 (17/2)	100.48 (2/1)
SWEDEN						
Jacobson & P. (1/1/58)	475.22	480.4	495.58	487.96	495.61 (26/3)	404.17 (20/1)
SWITZERLAND						
Swiss BankCpn. (31/12/58)	303.4	304.2	304.2	302.3	304.2 (2/4)	287.0 (13/2)
WORLD						
Capital Intl. (1/1/70)	—	159.2	160.4	160.2	162.8 (6/1)	149.8 (17/2)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. (c) Closed.

COMMODITIES AND AGRICULTURE

Disease ban may end next week

By Our Commodities Staff

REMAINING UK foot-and-mouth disease restrictions are likely to be lifted next weekend, provided there are no further confirmed outbreaks and no suspicious cases are being checked at that time.

All animal movement was banned within a 1,000 square mile area covering the Isle of Wight and parts of Hampshire and Dorset, following confirmation of an outbreak on the island just over two weeks ago.

But with this remaining the only confirmed case, the control area has been narrowed to cover only the Isle of Wight itself. Restrictions in Hampshire and Dorset were lifted at one minute past midnight yesterday except for 21 farms on which animals had been in contact with suspect animals.

Two suspicious cases reported over the weekend were still being investigated last night, but Ministry of Agriculture vets were confident they would prove false alarms.

Next weekend will see the end of the 21-day period after the last outbreak during which restrictions are required under law. But the Ministry has discretion to keep them in force if it has any reason for concern.

Following the Isle of Wight outbreak, 254 cattle and 369 pigs had to be destroyed, all but 35 of them on the island.

Peanut industry 'can meet demand'

WASHINGTON — Mr. John Block, U.S. Agriculture Secretary, said the peanut industry will be able to grow and expand to meet demand once Government controls are removed.

Mr. Block told the National Peanut Council Convention growing world demand for protein would mean U.S. producers could eventually fully compete and capture a growing share of the world's edible peanut, oil and meal markets.

He noted that without rigid Government controls, the rice and especially the soyabean industries had been able to capture an *increasing world* share of oil and meal markets. Reuter

Zinc at 13-month high

BY JOHN EDWARDS, COMMODITIES EDITOR

ZINC PRICES on the London Metal Exchange rose yesterday to the highest level since February last year as the recent upward momentum was accelerated by heavy trade and speculative buying.

Cash zinc closed £8.25 up at £380.5 a tonne. The three months quotation gained £9.75 to close at £389.75 and moved further ahead in later trading to reach £397 at one stage. Dealers forecast that it may well break through the £400 today, with a chart objective point of £420 seen as the main target.

Two more North American producers, Cominco and Hudson's Bay, confirmed they had raised their European selling price by $50 to $875 a tonne.

This is in line with the price increase last week by Noranda, which was quickly followed by A. M. and S. (Europe), the Australian group that runs the Avonmouth smelter in Britain.

However, European smelters generally, especially those in West Germany, appear somewhat reluctant to raise their prices. They claim that demand in Europe for zinc remains poor and a price rise would only worsen the situation. Custom smelters, who rely on bought-in concentrates, are in a difficult position, faced with paying more for concentrates but having trouble in selling the refined metal in an unresponsive market.

However, the rise in LME prices should help make them more competitive with free market supplies and may well encourage more to move to the $875 mark.

The upsurge in zinc was encouraged by a generally "bullish" mood in the metal markets yesterday, reflecting the rise in gold; concern over the situation in Poland.

Zinc stocks held in London Metal Exchange warehouses fell last week by 150 tonnes leaving a hefty total of 55,700 tonnes. Copper stocks were down too by 575 to 116,150 tonnes; lead by 475 to 50,450; aluminium by 625 to 42,500; nickel by 240 to 3,390; and silver holdings by 140,000 ozs to 24,110,000 ozs.

Tin stocks, however, rose by 540 to 6,105 tonnes. This rise in tin stocks made little impact, with the cash price gaining slightly more than the three months quotation to close £72.5 up at £6,315 a tonne.

Soviet delays hit coconut oil

ROTTERDAM — The recent sharp fall in coconut oil prices, down to around $530 per long ton cif Rotterdam from over $600 only a few weeks ago, has resulted from shipment postponements by the Soviet Union which have also affected other oils and fats, Rotterdam traders *said at the weekend.*

The USSR is believed to have delayed transporting 40,000 to 50,000 tonnes of coconut oil bought from the Philippines for April / May / June shipment. Traders on a recent visit to *Moscow were told the delays* were caused by logistic problems in handling the imports.

The traders said the USSR had requested postponements of about a month on shipments of coconut oil, Malaysian palm oil, and also substantial amounts of U.S. tallow. Tallow is not affected by the U.S. embargo on agricultural produce because its use is technical.

Traders had not heard of any similar problems regarding grains or meal, and said the USSR still needed more edible oil, in spite of the logistical difficulties.

Coconut oil prices fell sharply on the Soviet action because heavy Philippine stocks, retained by the Government-backed combine United Coconut Mills in an attempt to sustain prices, made it necessary to sell off the oil which would otherwise have been shipped to the USSR, the traders said.

Within the EEC, the price has fallen low enough to make imported coconut oil competitive with domestically produced soyabean oil, rapeseed oil and sunflowerseed oil in the manufacture of margarine, even after payment of an import levy of around 7 per cent.

Meanwhile from Kuala Lumpur Reuter reports Malaysian crude palm oil output rose to *a record 2.58m tonnes in 1980* from 2.09m in 1979.

These figures are in line with the previously reported estimates from the palm oil registration and licensing authority (PORLA) which gathers its statistics before the department.

Peninsular Malaysia output amounted to 2.40m tonnes against 2.03m.

The UK and The Netherlands took nearly all the 1980 crude palm oil exports, with shipments to the UK totalling 20,607 tonnes against 74,151 in 1979 and Holland taking 18,580 tonnes against 61,233, the Malaysian Statistics Department figures show.

Reuter

EEC farm prices attacked

BY RICHARD MOONEY

AN EFFECTIVE attack on the EEC common farm price rises agreed in Brussels last week was published yesterday by a House of Lords Committee.

In a report completed on March 26, before the Brussels agreement, but only now published, the House of Lords Committee on the European Communities calls for farm price rises not to exceed the 7.8 per cent average proposed by the EEC Commission. In fact the agreed rises averaged 9.5 per cent.

The Committee disagrees with the Commission's strategy for containing European farm surpluses by penalising increased production preferring the setting of lower support prices as a means of discouraging overproduction. Most of the Commission proposals on this subject were dropped before last week's agreement, but there was no move to balance this by trimming back support prices.

Also attacked is the Commission's policy of concentrating financial resources on farms in least favoured areas. "This would imply discrimination against efficient farms," the report says. It goes on to say that social and regional objectives should be divorced from the market management system and funded by national governments, under close Commission surveillance.

"The Commission's approach takes little account of the economic costs of the Common Agricultural Policy and appears to dismiss the possibility of adjustments which would contribute to the necessary restructuring of the Community's budget," the committee concludes.

Sugar market still slipping

By Our Commodities Staff

THE WORLD sugar market continued its recent downward movement yesterday with the London daily raws price being fixed £4 lower at a 12-month low of £218 a tonne. On the London futures market the August position finished at £216.80 a tonne, £5.575 below Friday's close.

Dealers said there was no strong fundamental factor to explain the fall but in the absence of any news to steady the market the "bearish" trend had been maintained. Some suggested the trend was linked to the Polish political situation.

A fair amount of physical demand emerged yesterday. Greece announced a tender for 60,000 tonnes for April 14, but most of this is likely to come from within the EEC. Sri Lanka is seeking 20,000 tonnes for June delivery and possibly another 20,000 for July, while Egypt has added 10,000 tonnes of raws to its refined sugar requirement.

● Cuba will plant 400,000 hectares to sugar cane this spring as part of its drive to take its sugar production over the 10m tonne mark by 1985, reports Reuter.

Sugar production in 1980 totalled 6.81m tonnes, down from 7.80m in 1979.

Futures trading down

NUMBER of London market commodity futures contracts registered with the International Commodities Clearing House fell to 345,406 lots in March this year, compared with 364,571 in March 1980. This meant that turnover for the first three months of 1981 was well down at 988,154 against 1,150,388 during the first quarter of the year. Value of the contracts dropped too from £12.6bn to. *£10.9bn.*

The decline came in spite of the introduction of potatoes futures trading, which accounted for 8,349 lots in January-March

● Gas oil futures trading started at Cereal House, Mark *Lane (in the refurbished old* coffee terminal market) yesterday with a big turnover of 1,807 lots of 100 tonnes each.

Traders said it was a most encouraging start, with widespread support from trade and speculative sources. Full details of the day's trading are given in the table below.

INTERNATIONAL COCOA AGREEMENT

Pressure builds up on Ivory Coast

BY BRIJ KHINDARIA IN GENEVA

THE BARGAINING strength of the Ivory Coast, the world's largest cocoa exporter, has weakened considerably this year, and it might well decide to join the new International Cocoa Agreement within the next two months.

Diplomats involved in the Geneva negotiations which created the Cocoa Agreement last November feel that because of changed conditions in the world's cocoa economy, the Ivory Coast will be seriously hurt if it remains outside the accord.

Talks under way in the International Cocoa Council in London this week should bring first indications of a softening in the Ivory Coast's previous opposition to the Cocoa Agreement, although if is unlikely that it will show its hand immediately.

The main reason why the Ivory Coast refused to acquiesce to the cocoa accord's terms in November is now thought to be a disagreement with other cocoa producers rather than with the Common Market or the U.S. Mr. Houphouet Boigny, Ivory Coast president, who has made a personal commitment to his country's cocoa farmers to raise their living standards, was upset last year by Brazil's rising role as a cocoa exporter. He felt that Brazil was undermining his attempts to get a higher support price commitment under the new Cocoa Agreement by *selling cocoa cheaply.*

However, market developments since that time have shown a medium-term trend to cocoa surpluses unconnected with Brazil's production and marketing policies. In fact, like the Ivory Coast, Brazil, too, has been trying to intervene in markets to bolster prices by holding off supplies. But the strategy has been costly and unsuccessful.

One result of the recent excessive cocoa production forecasts from now until 1985 by trading houses and the world bank is that the Ivory Coast has itself become a keen seller of cocoa at about 94 cents a pound. This compares with the 110-cent-a-pound floor price agreed as part of the new Cocoa Accord.

The Ivory Coast's continued absence from the agreement could scuttle it completely because it will be impossible to get the number of ratifications by producers needed to enforce the accord.

So far 11 producers, excluding the Ivory Coast, have initialled the agreement. They include Ghana which has 26.3 per cent of world output, Mexico which has only 0.8 per cent, Brazil with 19.93 per cent, Nigeria with 16.87 per cent and Cameroon with 8.02 per cent. Producers making up 80 per cent of world output must sign and ratify the agreement for it *to become operational.* Producers representing 72.6 per cent of production have signed so far. Even if all other small producers were to sign, the total would not reach 80 per cent so the Ivory Coast's 22.52 per cent share is vital.

Eighteen consumer countries, including the ten Common Market members accounting for 60.1 per cent of world consumption have also signed the agreement. *The U.S., which has a* 22.54 per cent share, has stayed out but the 70 per cent consumer participation needed could be reached if other small cocoa users join in. So the accord could come into force *without the U.S. but not without* the Ivory Coast.

If both the U.S. and the Ivory Coast refuse to join, other countries would either have to disband the new accord, or seek special permission from the United Nations General Assembly to operate it.

It is still not certain that all the countries that have signed the agreement so far will be able to get parliamentary ratification by the end of May deadline. However, the accord could be put into practice provisionally.

Apart from the problems plaguing the new accord, the International Cocoa Council, which has been allowed continued existence although the last Cocoa Agreement expired in March, 1980, must grapple with other serious issues. The main ones are financing methods for buffer stocks envisaged by the new accord. A sum of $235m left over in the previous accord is still available but whether it can be used will depend partly on the Ivory Coast. If that country stays out of the new agreement it might want to recover its share of the money. However, there is some controversy about the legality of any Ivory Coast demand for reimbursement in view of the proposed new pact.

Jamaica to boost bauxite output

KINGSTON—Jamaica intends to produce 18m tonnes of bauxite by 1985, a 50 per cent increase on *last year's figure,* Mr. Basil Buck, Jamaica's junior mining and energy Minister, said.

Jamaica at present has a bauxite production capacity of 15.1m tonnes a year, but that figure has been reached only once, in 1974. After that production fell as the Government introduced a bauxite production levy. Output started to recover last year following a restructur*ing of the levy.*

By 1985 the island will have the capacity to handle 18m tonnes of bauxite annually. The proposed expansion of the Alcoa alumina plants will double refining capacity to 1m tonnes. There are also plans by the Alumina Partners of Jamaica (Alpart) to produce 1.3m tonnes of alumina a year.

In February Prime Minister Edward Seaga held meetings with the head of the multinational firms here, attempting to persuade them to expand their operations.

The Alcoa expansion has been in the offing for more than a year. Last week the parties signed a declaration to go ahead with the project.

Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Firmer on the London Metal Exchange as the increased tension over Poland saw sterling weaken and gold move ahead. Forward metal opened higher at £882 and edged up to £883 before easing on profit-taking and an uninspiring opening on Comex to close the late kerb at £876. Turnover: 13,050 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	861-.5	+13.2	855.5-6.5	+5
3 months	881.5-2	+15.5	877-.5	+3.75
Settlem't	861.5	+13	—	—
Cathodes				
Cash	853.5-4.5	+11.7	847-9	+1
3 months	868-9	+13	864-6	+3
Settlem't	854.5	+12	—	—
U.S. Prod	—		*87-92	—

In the morning cash wirebars traded at £861, three months £883, 83.5, 83, 82.5, 82, 81, 82, 81.5, 82. Cathodes, cash £854, three months £871, 68. Kerb: Wirebars, three months £881.5, 82, 82.5, 82. Afternoon: Wirebars, three months £882, 81.5, 79, 78.5, 78, 76, 76.5, 77, 78, 77.5. Kerb: Wirebars, three months £876.5, 77, 76.

TIN—Gained ground owing to the rise at Penang and the fall in sterling which saw forward metal open at £6,340 and move up to close the late kerb at £6,382.5. Turnover: 620 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6300-10	+87.5	6310-20	+72.5
3 months	6360-5	+55	6375-85	+87.5
Settlem't	6310	+70	—	—
Standard				
Cash	6300-10	+87.5	6310-20	+72.5
3 months	6360-5	+55	6375-85	+87.5
Settlem't	6310	+70	—	—
Straits E.	$631.30	+6.30	—	—
New York	—		—	

Morning: Standard, cash £6,300, three months £6,370, 65, 60. Kerb: Standard, three months £6,360. Afternoon: Standard, three months £6,360, 65, 70, 75, 80. Kerb: Standard, three months £6,375, 80.

LEAD—Higher, in sympathy with copper and zinc, and also reflecting the decline in sterling. Forward metal rose to £359 in the morning and held around that level until the late kerb when nervous selling pared the price to £354. Turnover: 8,825 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	353-4	+8.75	351-2	+7.5
3 months	358-.5	+7	357-8	+7.75
S'ment	354	+9	—	—
U.S. Spot	—	—	*35	—

Morning: Cash £353, three months £358, 59, 58.5, 57.5, 58. Kerb: Three months £357, 57.5, 58. Afternoon: Cash £353, three months £358, 59, 58.5, 58, 57.5, 57. Kerb: Three months £357, 56, 56.5, 56, 55, 54, 53, 54.

ZINC—Sharply higher again on news that Cominco and Hudson's Bay have followed Noranda and AM and S in *raising their* European producer prices to $875. Three months opened at £383 and moved ahead to £386 as other metals gained ground on the Poland news, weaker sterling and the rise in gold. In the afternoon the market staged a fresh advance as heavy buying from one quarter ahead of the latest price rises triggered renewed *speculative* interest and lifted forward metal to a day's high of £397 before a close of £395. Turnover: 10,800 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	375-7	+1.75	380-1	+8.25
3 months	385-.5	+1.5	389.5-90	+9.75
S'ment	377	+2	—	—
Primw'ts	—	—	*43.5	—

Morning: Three months £388, 85.5, 85, 85.5. Kerb: Three months £385, 85.5. Afternoon: Three months £386, 85.5, 86, 87, 87.5, 90, 88, 86, 88.5, 88, 88.5, 89, 90. Kerb: Three months £391, 93, 95, 96, 97, 95, 94, 93, 92, 93, 93.5, 94.5, 95, 94, 94.5, 94, 93, 94, 94.5.

ALUMINIUM—Firmer on currency considerations which lifted forward *metal to £661 by the close of the afternoon kerb.* Turnover: 7,125 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	652-3.5	+11.7	650-1	+5.5
3 months	663-.5	+13	660-.5	+7.5

Mroning: Mid-June £660, three months £661, 62, 61.5, 62, 63, 63.5. Kerb: Three months £662, 61.5, 61, 60. Afternoon: Three months £661.5, 62, 63, 62.5, 61, 60.5, 60. Kerb: Three months £661.

NICKEL—Edged higher owing to the *fall in sterling which prompted a close* of £2,900 on the afternoon kerb. Turnover: 534 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2880-5	+45	2885-90	+42.5
3 months	2885-90	+45	2895-900	+47.5

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

Morning: Cash £2,900, 2,895, 80, three months £2,900, 2,895, 85, 90. Kerb: Three months £2,890, 95. Afternoon: Cash £2,890, three months £2,895, 97, £2,900. Kerb: Three months £2,900.

SILVER

Silver was fixed 16.3p an ounce higher for spot delivery in the London bullion market yesterday at 567.7p. U.S. equivalents of the fixing levels were: spot $12.33, up 15c; three-month $12.787, up 17.4c; six-month $13.227, *up 19.4c; and 12-month* $14.145, up 19.4c. The metal opened at 563-572p ($12.35-$12.55) and closed at 564p-573p ($12.25-$12.45).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	567.70p	+16.3	566.5p	+15.5
3 months	584.50p	+17.1	583.5p	+16.5
6 months	600.10p	+17.1	—	—
12months	635.10p	+17.1	—	—

LME—Turnover 86 (123) lots of 10,000 ozs. Morning: three months 588, 89, 88, 85.5, 85.3, 85.5, 86, 85.3. Kerbs: three months 586, 86.5, 86, 85. Afternoon: three months 588, 85, 83, 84. Kerbs: three months 583.

COCOA

Futures remained steady within a narrow range throughout a dull day to close with marginal gains. Physical business was at a standstill reflecting present, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
May	941-942	+3.0	947-938
July	972-973	+3.5	976-969
Sept.	991-992	+4.0	995-989
Dec	1013-1014	+4.0	1017-10
March	1034-1035	+7.0	1037-32
May	1050-1055	+6.0	1050
July	1064-1072	+4.5	1069-68

Sales: 1,710 (2,050) lots of 10 tonnes.

ICCO Futures—Daily price for April 3: 96.24 (96.42); five-day average 95.88 (95.65).

COFFEE

Inspired by a 2 cent loss in sterling early dealer buying extended the recent trading range as gains of £7-£10 were posted during a moderately active morning, reports Drexel Burnham. However, the early promise of a steadier market was slightly dampened by an easier New York opening which saw values tending to drift lower on disappointed dealer liquidation and general trade selling.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1075-76	+7.0	1078-69
July	1070-71	+3.5	1076-65
Sept.	1065-66	+2.5	1072-62
Nov	1062-63	+4.0	1066-61
Jan	1062-65	+1.5	1066-65
March	1060-65	+4.5	—
May	1057-59	+7.5	—

Sales: 1,971 (1,183) lots of 5 tonnes.

ICO indicator prices for April 3: (U.S. cents per pound): Other Mild Arabicas 128.50 (128.67); Robustas ICA 1976 115.00 (115.38); ICA 1968 115.25 (115.63). Unwashed Arabicas 218.50 (same). Comp. daily ICA 1968 unquoted.

GRAINS

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday close	+ or —
May	116.00	—0.05	99.50	—0.15
July	118.45	—0.20	—	....
Sep	100.75	—0.20	95.60	—0.35
Nov	104.35	—0.15	99.25	—0.15
Jan	106.25	+0.05	102.80	—0.25
Mar	112.05	—0.05	106.30	—0.10

Business done—Wheat: May 116.10-115.50, July 118.50-118.05, Sept. 101.10-100.75, Nov. 104.65-104.30, Jan. 106.40-106.30, March 112.25 one trade. Sales: 153 lots of 100 tonnes. Barley: May 99.60-99.40, Sept. 95.60-95.45, Nov. 99.40-99.25, Jan. 102.80 one trade. March 106.35-106.20. Sales: 98 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Hard Winter 13½ per cent April 104.80, May 104.50, June 103. transhipment east coast. English Feed fob April 118, May 119, June 120 quoted east coast. Maize: French April 124.50 transhipment east coast. S. African Yellow April/May 86.50. Barley: English Feed fob *April 103.25, May 104.75 east coast.* Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 99.30, E. Mids. 97.20, Scotland 95.80. The UK Monetary Coefficient for the week *beginning Monday April 13 (based on* HGCA calculations using four days *exchange rates) is expected to remain unchanged.*

GAS OIL FUTURES

Trading opened on the International Petroleum Exchange with an en*couragingly high volume of 1,807 lots.* It seemed that the floor was somewhat "short" during the afternoon and this combined with New York trading up near to limit, caused the market to close at the day's highs, reports Premier Man.

Month	Yesterdy's close	+ or —	Business Done
	$ U.S. per tonne		
June	304.50	....	306.00-00.00
July	307.50	....	307.50-00.00
August	312.50	....	312.50-07.75
September	315.50	....	315.50-10.50
October	323.25	....	323.25-14.00
November	326.75	....	326.75-15.00
December	332.00	....	332.00-20.00
January	335.00	....	335.00-25.00

T'over: 1,807 (0,000) lots of 100 tonnes each

RUBBER

The London physical market opened steadier, with little interest at higher levels, closing easier. Lewis and Peat *reported an fob April price for No. 1* RSS in Kuala Lumpur of 261.0 (259.0) cents a kg and SMR 20 at 245.5 (243.0).

No 1. R.S.S.	Yest'r'ys close	Previous close	Business Done
May	54.50-54.70	53.80-54.00	—
June	56.50-56.10	54.90-56.00	56.10-56.00
Jly-Sept	57.80-58.00	57.50-57.70	58.00-57.70
Oct-Dec	60.80-60.90	60.60-60.70	61.30-60.70
Jan-Mar	63.70-63.80	63.50-63.60	64.00-63.90
Apl-Jne	66.60-66.80	66.40-66.50	67.20-66.20
Jly-Sept	69.40-69.70	69.30-69.40	—
Oct-Dec	72.30-72.60	72.20-72.40	73.20
Jan-Mar	75.30-75.40	75.10-75.20	75.50

Sales: 331 (280) at 15 tonnes, 2 (nil) at 5 tonnes. Physical closing prices (buyer) were: Spot 53.00p (52.00p), May 56.50p (55.75p), June 57.00p (56.50p).

SOYABEAN MEAL

The London market opened slightly better on quiet trading conditions, reports T. G. Roddick. A weaker sterling encouraged trade and Commission House buying and prices closed £1.50-

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
April	128.00-28.5	+2.50	127.00
June	128.00-29.4	+1.50	129.00-28.00
August	133.00-33.1	+1.85	131.00
October	135.00-36.3	+2.40	134.00-33.00
December	136.00-37.0	+2.25	—
February	136.50-38.5	+1.00	—
April	137.00-42.0	+1.75	—

Sales: 142 (171) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £218.00 (£222.00) a tonne for cif April-May shipments. White sugar daily price £234.00 (same).

First trades were only £1 below the kerb closing prices of Friday. Selling quickly developed however and during the late afternoon new life-of-contract lows were registered before profit taking produced a slight recovery, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
May	218.75-19.00	225.25-22.75	228.50-18.50
Aug.	216.00-17.00	222.75-22.00	224.00-15.00
Oct.	216.50-17.00	221.25-22.50	223.00-15.50
Jan.	214.00-14.50	214.00-21.00	215.50-10.00
March	213.50-14.00	214.75-21.00	215.50-10.00
May	213.50-14.00	214.50-21.00	214.50-10.50
Aug	214.00-15.00	215.00-21.00	—

Sales: 6,152 (6,827) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £296.00 (£299.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for April 3: Daily price 20.17 (20.35); 15-day average 21.71 (21.76).

WOOL FUTURES

BRADFORD — Business remained quiet with prices affected by weaker sterling. Merinos were affected more than crossbreds partly because of high merino stock levels and partly because crossbreds are weak already. Some topmakers have withdrawn quotations, while others have increased quotations by one or two pence.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kilo. May 485.0, 487.0, 487.5-485.0; July 487.5, 488.0, 490.0-486.5; Oct. 484.0, 495.0, 486.0-483.5; Dec. 487.0, 488.0, 488.5-486.0; Mar. 495.0, 497.0, 498.0-495.0; May 500.0, 502.0, 500.0-500.0; July 505.5, 509.0, nil; Oct. 506.0, 511.0, nil. Sales: 143.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kilo. May 348, 352, 350; Aug. 358, 363, 360-359; Oct. 362, 366, 364-363; Dec. 372, 377, 374; Jan. 377, 379, 378; Mar. 382, 385, 383; May 384, 388, 386; Aug. 386, 390, 388; Oct. 387, 392, nil. Sales: 16.

JUTE

JUTE—April c and f Dundee BWC £243, BWD £197, BTB £299, BTC £240, BTD £197, c and f Antwerp BWC $536, BWD $426, BTB $640, BTC $534, BTD $434. Jute goods c and f Dundee 40 in 10 oz £10.33, 40 in 7.5 oz £8.10. B Twills £30.17.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 68 tonnes. Relatively few transactions were recorded, although demand kept up well. Most of the operations were in African and Middle Eastern growths, but North and South American styles were not neglected.

TEA AUCTION

LONDON TEA AUCTION—48,242 packages were on offer at yesterday's auction. Assams opened on a quiet note and although competition improved as the sale progressed, prices were 2-4p lower at the close, with dusts rather weak throughout. Bangladesh teas sold well at fully firm to dearer rates. East African CTCs met with improved demand and brighter lines closed several pence dearer.

Central Africans were also well supported and often gained ground. Ceylons were strong with quality lines often substantially dearer. Quotations: Quality 120p a kilo (117p a kilo): Medium 102p a kilo (102p a kilo): Plain 67p a kilo (66p a kilo).

PRICE CHANGES

	Apr. 6 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	$1425/1455	—5	$1445/475
Copper			
Cash w'bar	£856.0	+3	£803
3 mths	£877.25	+3.75	£825.25
Cash Cathode	£848.0	+1	£800.5
3 mths	£865.0	+3	£813.25
Gold troy oz	$531.5	+8	$477.5
Lead Cash	£351.5	+7.5	£335.5
3 mths	£357.5	+7.125	£342.75
Nickel	£3,379.50	....	£3,358.65
Freemkt	285/300c	+2.5	275/290c
Platin'mtr'y oz	£213.5	....	£213.50
Freemkt	£240.65	+6.25	£205.15
Quicksilver†	$410/420	—5	$400/418
Silver troy oz	567.70p	+16.3	539.05p
3 mths	584.50p	+17.1	555.36p
Tin Cash	£6,315	+72.5	£6,047.5
3 mths	£6,380	+87.5	£6,167.5
Tungsten 22.04lb	$149.08	....	$145.47
Wolfrm 22.04 lbs	$147/149	—1	$151/155
Zinc Cash	£380.5	+8.25	£330.25
3 mths	£389.75	+9.75	£348.75
Producers	$825/875	+25	$825
Oils			
Coconut (Phil)	$535w	....	$585
Groundnut	‡	....	‡
Linseed Crude	£406	....	£418
Palm Malayan	$565x	....	$605
Seeds			
Copra Philip	$365	....	$395
Soyabean (U.S.)	$35.5	—9.5	$305
Grains			
Barley Futures	‡	....	£101.15
Maize			
French	£124.5	....	£123
Wheat			
No 1 Red Spg.	‡	....	‡
No2 HardWint	£104.80	—0.85	‡
Eng. Millingt	‡	....	‡
Other commodities			
Cocoa ship't	£1,037	+3	£999
Future July	£972.5	....	£913.5
CoffeeF't July	£1070.5	....	£1028
Cotton A.Index	89.45c	—0.5	93.05c
Rubber (kilo)	53p	+1	58.75p
Sugar (Raw)	£218.0w	—4	£239
Woolt'ps 64s kl.	519p kilo	+3	524p kilo

† Unquoted. u May-June. x June. w April-May. v May. z Indicator. § Buyer. ‡ Per 45 lb flask. * Nominal.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 73.2 to 77.3; Ulster hindquarters 88.7 to 91.5, forequarters 56.2 to 58.5; Eire hindquarters 85.0 to 90.0, forequarters 54.0 to 58.0. Veal: Dutch hinds and ends 114.0 to 120.0. Lamb: English small 70.0 to 80.0, medium 70.0 to 78.0, heavy 64.0 to 74.0. Imported frozen: NZ pl 60.0 to 60.0; NZ pm 59.0 to 58.0. Pork: English, under 100 lbs 46.0 to 51.0, 100-120 lbs 44.5 to 50.0, 120-160 lbs 42.0 to 48.0.

MEAT COMMISSION—Average Fatstock prices at representative markets on April 6. GB—Cattle 92.42p per kg lw (+1.75). UK—Sheep 175.03p per kg est dcw (−4.32). GB—Pigs 73.02p per kg lw (+1.07).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges — Jaffa: Shamoutis/V. Lates 50/189 4.85-5.25; Spania: Navels 48/100 4.20-4.80; Cyprus: V. Lates 80/120 3.20-3.50; Moroccan: Lates 64/113 3.80-4.40. *Lemons—Spania: Trays 25/54 1.80-2.20;* 15 kg boxes 5.00; Cyprus: 10 kg 4.00-4.40; Californian: 95/140 6.50; Italian: 100/120 4.00; S. African: 80/100 5.80; Jaffa: 5.80. Grapefruit—Cyprus: 20 kg 40/64 3.40-3.80; Jaffa: 20 kg 36 4.45, 40 4.50, 48 4.65, 56 4.40, 64 4.05, 75 3.85. Topaz—Jaffa: 22 lbs 63/80 4.00-4.80. Apples—S. African: Golden *Delicious 7.80-8.50, Dunn's Seedling* 188/125, 7.00-7.50, Starking 6.80-8.00; Chilean: Granny Smith 7.50; Canadian: Red Delicious 135/150 7.50-8.50; U.S.: Red Delicious 8.50-10.50; Belgian: 28 lbs per pound Cox's 0.10-0.14; French Stark Crimson 40 lbs 5.60-6.50; 20 lbs 72 2.80, 84 2.40, Granny Smith 40 lbs 5.80-7.20, 20 lbs 72 3.50, 84 3.00. Golden Delicious 40 lbs 125/175 4.20-5.40; 20 lbs 72 2.80, 84 2.40: Italian: 40 lbs Romes 60/70 4.60-4.80, Granny Smith 19/20 lbs 60/70 2.80; Hungarian: Starking 44 lbs 6.40; Dutch: 28 lbs, per pound 0.09-0.14. Pears—Dutch: Conference per pound 0.14; Italian: Passacrassana 0.10-0.12; Argentine: Packhams 28 lbs 7.50. S. African Packhams 6.50-7.00. Beurre Hardy 6.50-7.50, Beurre Bosc 8.00; Australian: Williams Bon Chretien 40 lbs 8.50. Grapes—S. African: 9 lbs Waltham Cross 3.80, Barlinka 5.00, Salba 4.80; Chilean: 10 lbs Italia 8.50, Red Emperor 11 lbs 5.50, Thompson 6.00, Ribier 6.00. Melons—Chilean: 15 kg 6/13 10.00-12.00. Strawberries—Israeli: Per punnet 8 ozs 0.60; Mexican: 12 ozs 0.90; Italian: 8 ozs 0.30-0.35; U.S.: 12 ozs 1.00; Spanish: 8 ozs 0.35. Pineapples—*Ivory Coast:* Each 0.40-0.80; S. African: Shelford 5/9 2.80-3.00. Bananas—Colombian: Per pound 0.17-0.18. Avocados—Florida: 20/24 6.50. Tomatoes — Canary: 5.50-6.80; Dutch: 13 lbs 7.80-8.00. Onions—Spanish: 6.50; Dutch: 3.50-3.80. Potatoes—Italian: New crop 2.00; Egyptian: 44 lbs Edwards 4.60-4.80; *Canary: 55 lbs King Edwards 5.80;* Cyprus: 44 lb bags 4.80. Cauliflowers—French: 4.00. Cucumbers—Canary: 10/16 1.40-1.50; Dutch: 2.20. Capsicums—Canary: 6 kg green 6.00, Red 7.00; Moroccan: 11 lbs 6.50. Chicory—Belgian: Per box 2.40-2.50. Celery—Spanish: 18/36 2.80, Carmel 20/24 3.40. Fennel—Italian: 20 lbs 7.00. Aubergines—Canary: 6 kg 5.00. Carrots—Texas: 24 x 1 lb pre-pack 4.80; Dutch: new 22 lbs 4.50; Cyprus: 22 lbs 3.00; Brittany: 22 lbs 1.50-2.00. English Produce: Potatoes—Per bag 1.60-2.20. Mushrooms—Per pound 0.50-0.60. Apples—Per pound Bramleys 0.06-0.14, Spartans 0.10-0.15, Cox's Orange Pippins 0.14-0.26. Pears—Per pound Conference 0.08-0.15, Comice 0.14-0.18. Cabbages—Per bag 1.40, White *cabbages 3.40. Beetroots*—Per bag 2.40-1.80. Lettuce—Per 12, round 1.40-1.60. Tomatoes—Per 12 lbs English, per pound D 0.60, E 0.55. Cucumbers—Per 12/16 2.00-2.80. Leeks—Per 10 lbs 2.00. Rhubarb—Per pound forced 0.14, 0.16; outdoor 0.09-0.10. Carrots—Per 28 lbs 2.00-2.50. Onions—Per bag 3.50-4.50. Celery—Per pack naked 16/18 1.50-1.60. *Swedes*—Per 28 lbs Devon 0.75-1.00. Parsnips—Per 28 lbs 2.00-2.40. Turnips—Per 28 lbs 1.20-1.50. Cauliflowers—Per 28 lbs Kent 2.40-3.20.

★

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £3.50-*£3.80,* codlings £2.40-£3.20. Large haddock £4.40-£4.80, medium £3.30-£4.10, small £1.60-£3.00. Best small plaice £2.30-£4.00. Lemon soles (large) £10.50, (medium) £9.50. Saithe £1.50-£2.40.

New jute price recommended

NEW DELHI — An official Indian committee has recommended a rise in the minimum official purchase price for W-5 grade jute in the 1981-82 season beginning next July to Rs 175 per 100 kilos from the current Rs 160, Minister of State for Agriculture R. V. Swaminathan told parliament.

Support prices for other varieties and grades of jute will be fixed by the government after it has approved the price for W-5 grade.

India is the world's largest jute producer with production forecast at 8.1m bales (including mesta) in the current season against 8.29m the previous season. Reuter

Iraq buys more Sri Lankan tea

COLOMBO — Iraq is now the largest buyer of Sri Lankan tea, purchasing 21.8m kilos last year against 16.6m kilos in 1979, a report by a Colombo tea broker shows.

Britain, the biggest buyer of Sri Lankan tea for more than a century, bought 20.7m kilos in 1980 against 21.5m kilos in 1979.

Purchases of Sri Lankan tea by Iraq and other Middle East and Gulf countries last year totalled 96.7m kilos against 187.5m the year previous.

Sri Lanka's tea production declined to 191.4m kilos last year from 206.4m in 1979, mainly because of a severe drought in the early part of the year.

Reuter

EUROPEAN MARKETS

ROTTERDAM, April 6.

Wheat—U.S. Two Dark Hard Winter 13.5 per cent. April/May $212, June/July $210. U.S. No. Two Red Winter April/May $205, June $190, U.S. No. Two Northern Spring 14 per cent April $206.50, April/May $206, May $206.50, June $208, July $208.50, Aug. $209.50, Sept. $211.50, Oct. $215, Nov. $217.

Maize — U.S. No. Three Corn Yellow afloat $163, April $161, May $163, June $166.50, July/Sept. $171.50, Oct./Dec. $174.50, Jan./Mar. $186.

Soyabeans — U.S. Two Yellow Gulfports April $313, May $315, June $318.25, July $321.25, Aug. $324.25, Sept. $328.25, Oct./Nov. $332, Dec. $336, Jan. $343, Feb. $347.50, Mar. $351.

Soyameal — 44 per cent protein U.S. afloat $276, Mar. $274, Apl./May $270, April/Sept. $276, Nov./Mar $296. Brazil Pellets afloat $293, April/May $284, April/June $288, April/Sept. $291.

PARIS, April 6.

Cocoa — (FFr per 100 kilos): May 1021/1034, July 1045/1055, Sept. 1066/1095, Dec. 1111/1130, Mar. 1125/1144, May 1150/1170. Sales at call: Nil.

Sugar — (FFr per tonne): May 2565/2570, July 2510/2560, Aug. 2507/2510, Oct. 2436/2440, Nov. 2415/2450, Dec. 2340/2365, Mar. 2350/2370, May 2355/2400. Sales at call: 9.

INDICES

FINANCIAL TIMES

April 3	April 2	Month ago	Year ago
261.70	262.56	258.38	—

(Base: July 1, 1952=100).

MOODY'S

April 3	April 2	Month ago	Year ago
1125.5	1126.9	1123.6	112.10

(December 31, 1931=100)

DOW JONES

Dow Jones	April 3	April 2	Month ago	Year ago
Spot	417.45	420.02	416.48	410.05
Fut'rs	425.37	427.54	427.97	425.76

(Average 1924-25-26=100)

REUTERS

April 6	April 3	M'nth ago	Year ago
1703.7	1698.7	1724.9	—

(Base: September 18, 1931=100)

COMPANY NOTICES

SCOTTISH PROVIDENT

The 143rd ANNUAL GENERAL MEETING of MEMBERS of THE SCOTTISH PROVIDENT INSTITUTION will be held on TUESDAY 5th MAY, 1981 at 3.00 pm in the HEAD OFFICE, 6 ST. ANDREW SQUARE, EDINBURGH EH2 2YA

Copies of the Report and Accounts are available from this address.

J. M. MACHARG
General Manager and Actuary

6 St. Andrew Square, Edinburgh EH2 2YA.
7th April, 1981.

Markets falter in the face of Polish situation and index falls 6.1 to 533.5—Gold shares move ahead

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Mar. 16	Mar. 26	Mar. 27	Apr. 6
Mar. 30	Apr. 8	Apr. 9	Apr. 21
Apr. 10	Apr. 29	Apr. 30	May 11

* "New time" dealings may take place from 9 am two business days earlier.

Mounting tension over the situation in Poland cast a shadow over London stock market yesterday and recent investment confidence was subdued. Equities faltered in the face of profit-taking after the recent upsurge, while British Funds also trended easier. South African Gold shares, in contrast, moved ahead in the wake of the rising price of bullion.

General uncertainty at the opening prompted a slight markdown in the industrial leaders, but the lower values failed to deter sellers which further depressed *prices fairly swiftly.* This was reflected in the FT 30-share index which extended a loss of two points at 10.00 am to one of 7.3 an hour later. Some support, particularly noticeable in the Electrical sector, developed around the lower level and the index rallied to show a loss of 5.3 at 3.00 pm before drifting off again to close a net 6.1 lower at 533.5.

Elsewhere in equities, favourable weekend Press comment *met with a ready response* despite the overall dullness and bid speculation was still very much *in evidence.* **Rothmans** were a firm and active market awaiting *further news of the* talks with R. J. Reynolds. Of the sectors, Oils were particularly dull with sentiment undermined by further adverse comment.

Gilt-edged securities passed a subdued trading session. Hopes that today's announcement of the mid-March banking *statistics* may point to a better trend in the money supply figures appeared to be outweighed by the Polish situation. As a result, mediums and longs drifted off on scattered offerings to close with losses extending to ⅜, and occasionally more. Short-dated stocks also trended lower, the new £15-paid tap, **Treasury** 11¾ per cent 1985, closing ⅛ off at 14⅜; other falls in this area ranged to ¼.

Demand for Traded options *was reduced with contracts* amounting to 1,007 against last week's daily average of 1,760.

Two companies made their debuts in the Unlisted Securities *Market yesterday.* ***Harvey and* Thompson** opened at 61p and closed at 62p, while **Atlantic Resources** opened at 260p and touched 300p before closing at 275p.

Royal Bk. Scotland up

An otherwise dull banking *sector was highlighted by **Royal*** **Bank of Scotland** which rose 10 to 144p on revived talk of a possible counter bid from Hong Kong and Shanghai; current bidders **Standard Chartered** softened a penny to 655p awaiting today's preliminary results. Elsewhere. **NatWest** lost 8 to 352p and **Midland cheapened** 7 to 308p as did **Barclays**, to 395p, and **Lloyds**, to 335p. **FNFC** eased 1½ on profit-taking to 30½p.

Up 70 last week in response to the results. **Sun Alliance** lost 8 to 838p following profit-taking.

Breweries drifted to lower levels. **Allied**, firm of late on yield considerations, reacted 3 *to 69p, while **Arthur Guinness*** eased 2 to 78p. First-half earnings from **Highland Distilleries** proved to be a shade below market expectations, but the maintenance of the interim *dividend restricted the fall to a* penny at 95p.

Building issues were subjected to scrappy selling. **Blue Circle**, 418p, and **BPB Industries**, 279p, shed 4 apiece, while **Tarmac** lost 5 at 332p. **London Brick** eased a penny to 80p; the *preliminary results are due* tomorrow. **Taylor Woodrow**, annual results due on Thursday, hardened a couple of pence to 580p. Elsewhere, **Bryant Holdings**, a good market of late anticipating the interim results, gave up a penny to 85p on the announcement, but **Derek Crouch** gained 7 to 252p following Press comment.

ICI drifted off to close 4 cheaper at 254p, after 252p.

Ciba Giegy 7¾ per cent 1978-91 moved up 38 points to £98; the *company has decided under the terms of the trust deed to give notice to the remaining shareholders that it will redeem their stock at £105 per cent together with accrued interest to July 31, 1981.*

Newbold and Burton strong

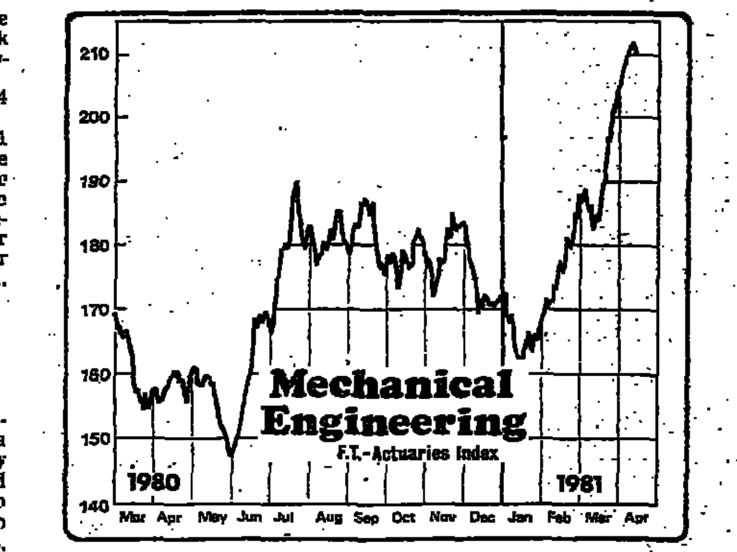
Newbold and Burton Strong

Secondary issues again provided the features among a lethargic Stores sector. **Polly Peck** encountered renewed profit-taking and slipped 11 to 203p, while **Wearwell** eased 3 to 84p, after 83p. Among D-I-Y's, **Harris Queensway** shed a couple of pence to 204p, while **A. G. Stanley**, annual results tomorrow, eased 3 to 76p. **Elys (Wimbledon)** on the other hand, *continued to respond to Friday's* pleasing full-year figures and closed 11 dearer at 218p. In Shoes, a buy recommendation helped **Newbold and Burton** spurt 8 to 56p in active trading.

Marked a few pence lower at the outset, leading Electricals lost further ground on sporadic profit-taking. However, closing levels were well above the day's lowest levels and **GEC** ended 9 lower on balance at 674p, after 667p. **Plessey** finished 5 off at *327p, after 322p, while **Racal*** shed 4 at 376p, after 371p. **Thorn EMI** rallied from 344p to close unaltered at 352p. Elsewhere, dealings were resumed in **Suter** following the completed acquisition of Prestcold Holdings from BL; the ordinary opened at 60p compared with the suspension price of 66p, and improved to 68p before closing at 65p, while the **Deferred** opened 6 below the suspended level of 64p, touched 62p and closed at 53p. Suter *rights closed at 23p premium,* after 29p premium. **Bowthorpe** shed 3 to 157p ahead of Thursday's results.

A buoyant sector last week on recovery *hopes,* Engineerings succumbed to light profit-taking in places. **Hawker** gave up 6 to 318p and **Vickers** relinquished 4 to 168p. Nervous offerings ahead of today's preliminary statement clipped 3 from **Aurora** at 30p, while **Burgess Products** fell 4 more to 44p on further consideration of the *poor* first-half results. **APV** lost 13 to 245p, while **Pegler Hattersley** shed 4 to 168p and **Acrow "A"** declined 3 to 37p. **Babcock International**, on the other hand, continued firmly at 131p, up 2, following Press comment and **Johnson Firth Brown** added 2 to 24p, after 25p, for a similar reason.

Selling pressure in Foods was generally light and prices usually closed above the worst. **Associated Dairies** finished 6 off at 202p, after 200p, while **J. Sainsbury** ended only a penny cheaper on balance at 402p, after 400p. **Tate and Lyle**, 176p, and *Rowntree Mackintosh*, 180p, shed 4 apiece, the latter's annual results are due soon.



Provincial easier

Turner and Newall were freshly supported up to a 1981 peak of 93p following weekend Press suggestions of a bid from BTR *before easing on a denial of* any such intention by the latter to close unchanged on balance at 90p. Other miscellaneous industrial leaders drifted lower *on sporadic profit-taking and lack* of fresh support. **Glaxo** shed 8 to 310p and **Boots** declined 4 to 240p as did **Unilever** to 503p. Elsewhere, details of an agreed bid from Hawley Leisure failed to impress **Provincial**, which closed 3½ off at 54p, while **Hawley** lost 5½ to 57p. **Reed Executive** fell 5 to 39p on news of the final dividend omission and sharp profits contraction and SharnaWare plummeted 15 more **Sharna Ware** plummeted 15 more *to 133p on further consideration* of the poor results. **Aeronautical and General** lost 20 to 400p but **Pritchard Services** moved up 2 more to 166p with sentiment still encouraged by Friday's news of a probable five-year municipal cleansing service contract for the City of Jeddah. **Office and Electronic** added 5 to 345p, after 350p, on Press comment.

Fears of the possible imposition of VAT on foreign holidays prompted nervous selling in ***Horizon* Travel** which shed 10 to 247p.

Press comment prompted early support for Motor Distributors, but follow-through demand was lacking and **Henlys**, 94p, and **Lex Service**, 101p shed 5 and 6 re*spectively.*

The Property sector featured **Anglo Metropolitan**, which jumped to 125p before closing just 5 dearer on balance at 112p *following the announcement that* talks are in progress with First Pennsylvania Mortgage Trust which may lead to an offer for Anglo. Elsewhere, **Marler Estates**, a dull market of late following the termination of bid talks, picked up 5 to 80p. Other issues gave modest ground on *sporadic selling.* **Land Securities** easing 4 to 424p and **MEPC** 3 to 244p.

Oils dull again

Oils encountered further selling following adverse Press comment on the effects of recent tax changes. Closing levels were sometimes above the worst. **British Petroleum** finished a net 10 down at 370p, after 366p, while **Shell** ended 14 lower on balance at 358p, after 356p. *Lasmo gave up 23 to 540p following the chairman's annual* review.

Press mention lifted **Tozer Kemsley and Millbourn** 4 at 58p. In contrast, **Jamaica Sugar** fell that much to 21p; the Stock Exchange is expected to suspend the company's quotation on Thursday. **S. and W. Berisford** dipped 6 at 114p; a statement concerning the company's bid intentions for British Sugar is expected this week.

*Dealings in **Le Vallonet*** were suspended at 43p; talks are in progress with an unnamed party which may result in an offer being made for the company. Among Financials, dealings in **London and European**, suspended on Friday at 44p, were resumed a penny higher in receipt of the share-exchange offer from **Bardsey**, 3 up at 31p.

Rubbers were selectively firm. **Malakoff** returned to favour and closed 9 up at 166p, while **Anglo-Indonesian** advanced a similar amount to 130p. **Highlands and Lowlands** rose 5 at 69p.

Rundle twins weak

The two main sections of mining markets—South Africans and Australians—surged ahead in the wake of the strength of precious and base-metal prices, but the main focus of attention in the sector as a whole was centred on the Australian Rundle Twins which slumped in the face of heavy selling following news that costs of the development of the Queensland oil-shale project could well treble owing to geological difficulties.

Central Pacific Minerals collapsed to a year's low of 150p—a drop of 65—while **Southern Pacific Petroleum** slumped 30 to 58p, after a low of 54p.

Other Australians, however, reflected sizeable arbitrage buying owing to the weakness of sterling.

The leaders registered double-figure gains with new 1981 highs attained by **MIM Holdings**, 15 up at 267p and **Western Mining**, 10 better at 300p. **Bond Corporation** jumped 15 to a high of 209p and **CRA** closed 17 to the good at 267p.

In the gold-orientated issues, ***Bougainville*** *put on 6 to 94p,* **North Kalgurli** 3 to 71p and **Poseidon** 7 to 274p. Among the junior oil-shale stocks, **International Mining** gave up 5 to 50p.

South African Golds were marked up sharply as the bullion price responded to fears of a possible invasion of Poland. Activity in the share market however, was restricted by the closure of the Johannesburg market for a public holiday.

After the initial mark-up prices held steady before easing marginally in the after-hours trade on light U.S. profit-taking. Nevertheless, the Gold Mine index advanced 23.8 to 383.2—its best level since early January—while the bullion price closed $5 up at $531.5 an ounce.

FINANCIAL TIMES STOCK INDICES

	Apr. 6	Apr. 3	Apr. 2	Apr. 1	Mar. 31	Mar. 30	A year ago
Government Secs.	69.97	70.06	70.10	70.13	69.84	69.62	64.74
Fixed Interest	71.66	71.68	71.59	71.57	71.41	71.36	65.29
Industrial Ord.	533.5	539.6	541.9	529.6	526.1	516.8	432.6
Gold Mines	383.2	359.4	346.2	341.7	341.0	352.7	287.4
Ord. Div. Yield	6.15	6.07	6.04	6.17	6.21	6.33	8.02
Earnings, Yld. %(full)	12.15	12.14	12.07	12.34	12.40	12.63	19.66
P/E Ratio (net) (*)	10.21	10.34	10.40	10.17	10.12	9.94	6.24
Total Bargains	31,674	38,815	37,620	34,139	32,065	30,052	26,513
Equity turnover £m.	—	206.45	222.30	182.86	164.45	140.82	93.96
Equity bargains total	—	34,312	35,533	31,919	30,589	26,118	24,666

10 am 537.6. 11 am 532.3. Noon 534.4. 1 pm 533.9.
2 pm 534.3. 3 pm 534.3.
Latest Index 01-246 8026.
*Nil=9.48.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3)	68.05 (16/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/3)	69.98 (16/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	541.9 (2/4)	446.0 (14/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	421.1 (16/1)	281.4 (29/1)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Apr. 3	Apr. 2
—Daily		
Gilt Edged Bargains	196.4	211.6
Equities Bargains	222.3	230.2
Value	417.3	449.3
5-day Avrge.		
Gilt Edged Bargains	197.6	193.1
Equities Bargains	205.4	196.9
Value	370.6	370.0

NEW HIGHS AND LOWS FOR 1981

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (181)

AMERICANS (16)
CANADIANS (8)
BANKS (5)
BEERS (2)
BUILDINGS (9)
CHEMICALS (3)
DRAPERY & STORES (2)
ELECTRICALS (3)
ENGINEERING (13)
FOODS (2)
HOTELS (1)
INDUSTRIALS (28)
INSURANCE (3)
MOTORS (4)
NEWSPAPERS (2)
PAPER (4)
PROPERTY (6)
SHIPPING (1)
SHOES (3)
SOUTH AFRICANS (4)
TEXTILES (12)
TOBACCOS (1)
TRUSTS (24)
OIL & GAS (3)
OVERSEAS TRADERS (2)
RUBBERS (4)
MINES (19)

NEW LOWS (34)

BRITISH FUNDS (2)
Treas. 11½pc 1985; Treas. 2pc I.L. '11 (£35 paid)
STORES (1)
Preedy (Alfred)
ELECTRICALS (2)
Belgin A; Scholes (G. H.)
ENGINEERING (1)
Manganese Bronze
FOODS (1)
Fisher (A.)
INDUSTRIALS (8)
BB & EA; Brown Boveri Kent; Cont. Stationery; Neil & Spencer; Reed Executive; Scotcros; Spear (J. W.); Wilkins & Mitchell
MOTORS (1)
York Trailer
OILS (15)
BP; Burmah Oil; Carless Capel; Charterhouse Pet.; Edinburgh Secs.; Imp. Cont. Gas; LASMO; LASMO 'Ops'; New Court Nat.; Penine Res.; Premier Cons.; Royal Dutch; Shell Transport; Sovereign Oil; Tricentrol
MINES (3)
Central Pacific; Kamanting; Southern Pacific

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	73	20
Corpns., Dom. and Foreign Bonds	[illegible]	[illegible]	60
Industrials	190	460	718
Financial & Props.	54	227	202
Oils	4	40	21
Plantations	10	1	12
Mines	99	11	59
Others	65	27	54
Totals	433	853	1,146

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Anglo Metropolitan	112	+5	Newbold and Burton	56	+8
Central Pacific Mins.	150	−65	Plessey	327	−5
GEC	674	−9	Rothmans	75	+6
Hawley Leisure	57	−5½	Suter Elec.	63xs	—
Horizon Travel	247	−10	Tricentrol	270	−10
LASMO	540	−23	Turner and Newall	90	—

FRIDAY ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Fri.'s closing price pence	Day's change	Stock	No. of price changes	Fri.'s closing price pence	Day's change
Shell	36	372	−4	Imp. Cont. Gas	23	222	+1
ICI	33	258	—	Premier Cons.	23	57	+5
Brit. Aero. New	32	205	−1	ICL	22	72	−1
GEC	29	683	−10	GUS	22	433	−13
LASMO	29	563	−20	Allied Brew.	20	72	−1
BP	26	380	−10	Rothmans	20	69	+7
Burmah	24	154	−7	Marks & Spencer	19	128	—

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr. 6	Apr. 17	July 9	July 20
Apr. 21	May 1	July 23	Aug. 3
May 11	May 22	Aug. 6	Aug. 17

For rate indications see end of Share Information Service

Stocks favoured for the call included **FNFC**, Charterhall, *Burmah, Amalgamated Distilled Products*, Keith Collins Petroleum, Crest International, Grand Metropolitan, Bardsey, *Rothmans, ICL, Newbold and Burton*, Applied Computer Techniques, Southern Pacific Petroleum, Canadian Pacific Minerals, Delta, Minster Assets and British Land. Puts were completed in Lucas, Sun Alliance, Trusthouse Forte, BICC and De La Rue. Doubles were taken out in BP and Burmah.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., April 6, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri. April 3 Index No.	Thurs. April 2 Index No.	Wed. April 1 Index No.	Tues. March 31 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	341.95	−1.2	11.28	4.68	10.93	346.06	347.05	342.27	338.13	230.23
2	Building Materials (25)	306.31	−1.0	14.70	5.67	8.16	309.45	310.05	307.60	303.95	223.65
3	Contracting, Construction (28)	564.55	−2.1	16.63	4.78	7.16	576.75	579.79	575.46	570.79	348.72
4	Electricals (27)	1080.06	−1.3	8.12	2.49	15.26	1094.47	1104.98	1088.97	1076.09	598.19
5	Engineering Contractors (11)	460.19	−0.4	12.34	5.62	10.22	462.22	456.56	444.65	431.52	272.94
6	Mechanical Engineering (71)	209.85	−1.2	12.97	5.88	9.77	212.30	211.26	208.35	205.18	155.66
8	Metals and Metal Forming (13)	160.34	+0.5	10.50	8.27	12.61	159.52	160.70	156.13	154.46	159.82
9	Motors (21)	98.50	−2.1	10.59	8.49	12.39	100.61	100.09	98.30	96.97	102.86
10	Other Industrial Materials (18)	356.92	−1.1	11.63	5.72	10.28	360.96	359.55	355.29	352.85	0.00
21	CONSUMER GROUP (196)	267.58	−1.2	13.94	5.86	8.70	270.74	270.40	266.21	264.67	205.22
22	Brewers and Distillers (20)	288.26	−1.6	16.07	6.35	7.38	292.87	292.81	285.46	289.09	257.32
25	Food Manufacturing (22)	249.53	−1.3	16.05	6.34	7.39	252.85	253.41	251.35	247.02	185.33
26	Food Retailing (14)	525.04	−1.4	8.60	3.08	13.73	532.43	538.43	524.08	515.29	291.27
27	Health and Household Products (7)	288.50	−1.6	9.34	4.97	12.71	293.33	294.84	285.87	280.79	192.81
29	Leisure (22)	408.49	−0.9	12.48	5.49	9.70	412.05	407.69	402.26	398.31	285.71
32	Newspapers, Publishing (12)	485.17	−1.1	18.09	6.10	7.22	490.73	490.30	489.01	484.70	399.37
33	Packaging and Paper (14)	140.19	−1.2	21.55	8.23	5.39	141.87	140.78	138.48	137.57	124.45
34	Stores (44)	265.81	−1.2	11.13	4.76	11.78	269.09	269.08	266.70	266.35	208.98
35	Textiles (21)	151.71	−0.7	14.48	8.67	9.33	152.84	152.14	150.02	148.32	117.70
36	Tobaccos (3)	228.20	+0.7	24.90	10.20	4.58	226.60	222.80	219.38	218.59	201.58
39	Other Consumer (17)	274.26	−0.1	9.31	7.02	13.40	274.60	274.42	273.87	271.94	0.00
41	OTHER GROUPS (78)	225.77	−1.0	13.82	6.70	8.92	228.05	226.99	221.68	220.48	194.71
42	Chemicals (15)	267.41	−1.2	12.11	7.81	10.48	270.65	270.26	259.25	258.52	292.00
44	Office Equipment (6)	117.54	−1.4	15.84	7.07	7.49	119.20	119.62	118.81	117.19	108.55
45	Shipping and Transport (13)	621.35	−0.1	13.69	5.96	8.73	622.12	615.97	611.63	612.42	452.78
46	Miscellaneous (44)	292.84	−1.0	15.18	5.71	8.10	295.91	293.47	288.91	286.41	228.66
49	INDUSTRIAL GROUP (488)	287.17	−1.2	12.91	5.52	9.47	290.52	290.49	285.88	283.55	217.73
51	Oils (12)	773.21	−3.1	24.53	7.28	4.69	797.79	814.05	782.54	796.36	732.20
59	500 SHARE INDEX	326.05	−1.5	15.00	5.84	8.00	331.03	332.26	325.56	324.46	258.37
61	FINANCIAL GROUP (118)	257.37	−0.9	—	5.44	—	259.81	260.32	256.44	253.84	186.37
62	Banks (6)	239.00	−1.2	34.20	7.55	3.52	241.85	239.57	234.21	234.54	201.01
63	Discount Houses (10)	309.57	+0.2	—	5.98	—	309.08	307.34	306.68	305.34	212.08
64	Hire Purchase (4)	273.34	−0.1	8.23	4.54	16.80	273.66	273.54	273.41	272.00	186.79
65	Insurance (Life) (10)	268.47	−1.6	—	5.32	—	272.92	274.72	270.95	264.21	165.76
66	Insurance (Composite) (9)	168.90	−0.8	—	7.27	—	170.31	171.62	168.51	163.80	120.98
67	Insurance Brokers (8)	357.16	−0.1	12.69	6.44	10.62	357.67	356.97	353.66	352.99	284.16
68	Merchant Banks (13)	159.03	−0.9	—	4.93	—	160.48	159.43	158.67	158.02	98.58
69	Property (48)	508.77	−0.9	2.98	2.47	46.28	513.20	517.77	511.09	508.98	356.34
70	Miscellaneous (10)	174.60	−0.5	18.06	5.93	6.80	175.49	174.13	172.45	172.44	127.37
71	Investment Trusts (109)	302.11	−0.9	—	5.10	—	304.99	302.68	301.11	298.01	203.67
81	Mining Finance (3)	240.54	−0.2	14.06	5.58	8.44	241.01	238.87	240.32	235.23	187.96
91	Overseas Traders (20)	449.94	−0.9	11.82	6.57	10.41	454.01	455.10	448.04	445.94	392.12
99	ALL-SHARE INDEX (750)	312.10	−1.3	—	5.73	—	316.27	317.01	311.45	309.73	241.36

FIXED INTEREST PRICE INDICES

	British Government	Mon. April 6	Day's change %	Fri. April 3	xd adj. today	xd adj. 1981 to date
1	5 years	109.29	−0.08	109.38	—	2.48
2	5-15 years	112.43	−0.30	112.76	—	2.97
3	Over 15 years	117.51	−0.31	117.88	—	2.77
4	Irredeemables	130.10	+0.09	129.98	—	1.78
5	All stocks	112.84	−0.23	113.10	—	2.69
6	Debentures & Loans	87.88	−0.05	87.92	—	3.47
7	Preference	67.95	−0.12	68.03	—	2.88

FIXED INTEREST YIELDS

British Govt. Av. Gross Red.

			Mon. April 6	Fri. April 3	Year ago (approx.)
1	Low	5 years	11.47	11.42	12.97
2	Coupons	15 years	12.03	11.98	12.80
3		25 years	12.03	12.04	12.80
4	Medium	5 years	13.08	13.02	14.83
5	Coupons	15 years	13.21	13.16	14.25
6		25 years	13.18	13.12	14.23
7	High	5 years	13.10	13.03	14.88
8	Coupons	15 years	13.69	13.64	14.73
9		25 years	13.31	13.26	14.64
10	Irredeemables		11.43	11.44	12.37
11	Debs & Loans	5 years	14.28	14.20	15.43
12		15 years	14.32	14.31	15.26
13		25 years	14.32	14.31	15.09
14	Preference		14.35	14.35	15.88

† Flat yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. |||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ♦ Unlisted Securities Market. ‡‡ London Listing. ‡ Resulting from debt settlement scheme. ‡‡ Units comprising 125 A Ord. & 8 12½% Cum. Pref.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mgrs. (Jersey)
DWS Deutsche Ges. F. Wertpapiersp
Delta Group
Deutscher Investment-Trust
Dreyfus Intercontinental Inv. Fd.
Emson & Dudley Tst. Mgt. Jrsy. Ltd.
The English Association
Eurobond Holdings N.V.
S.G. Europe Obligations S.A.
F & C Mgmt. Ltd. Inv. Advisers
Fidelity International Ltd.
First Viking Commodity Trusts
Fleming Japan Fund S.A.
Frankfurt Trust Investment-GmbH
Free World Fund Ltd.
G.T. Management Ltd.
Gartmore Invest. Ltd. Ldn. Agts.
Gartmore Fund Managers (IOM)
Assicurazioni GENERALI S.p.A.
Granville Management Limited
Guinness Mahon Fd. Mgrs. (Guernsey)
Hambro Pacific Fund Mgmt. Ltd.
Hambros Fd. Mgrs. (C.I.) Ltd.
Henderson Admin. (Guernsey) Ltd.
Henderson Baring Group
Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381
N.V. Interbeheer
International Pacific Inv. Mgmt. Ltd.
Jardine Fleming & Co. Ltd.
Kemp-Gee Management Jersey Ltd.
Keyser Ullmann Ltd.
King & Shaxson Mngrs.
Kleinwort Benson Group
Kredietbank N.V. (Belgium)
Lazard Brothers & Co. (Jersey) Ltd.
Leopold Joseph & Sons (Guernsey)
Lloyds Bk. (C.I.) U/T Mgrs.
Lloyds Bank International, Geneva
M & G Group
Management International Ltd.
Midland Bank Tst. Corp. (Jersey) Ltd.
Samuel Montagu Ldn. Agents
Murray, Johnstone (Inv. Adviser)
Negit S.A.
Nat. Westminster Jersey Fd. Mgrs. Ltd.
N.E.L. International Ltd.
Pacific Basin Fund
Phoenix International
Providence Capital Life Ass. Co. Ltd.
Quest Fund Mngmnt. (Jersey) Ltd.
Quilter/Reinold Commodities
RBC Investment Managers Limited
Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 2633
Rothschild Asset Mgt. (Bermuda)
Save & Prosper International
Schroder Life Group
Schroder Mngt. Services (Jersey) Ltd.
J. Henry Schroder Wagg & Co. Ltd.
Sentry Assurance International Ltd.
Singer & Friedlander Ldn. Agents
Standard Chartered Intl. Bd. Fd.
Stronghold Management Limited
Surinvest (Jersey) Ltd.
Surinvest Trust Managers Ltd.
TSB Unit Trust Managers (C.I.) Ltd.
TSB Gilt Fund Managers (C.I.) Ltd.
Tokyo Pacific Holdings N.V.
Tokyo Pacific Hldgs. (Seaboard) N.V.
Tyndall Group
Utd. Intnl. Mngmnt. (C.I.) Ltd.
Union-Investment-Gesellschaft mbH
Unilife Assurance (Overseas) Ltd.
S. G. Warburg & Co. Ltd.
Warburg Invest. Mngt. Jrsy. Ltd.
Wardley Investment Services Ltd.
World Wide Growth Management
Wren Commodity Management Ltd.

NOTES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	256.8	270.4	..	4 43

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Pro. Fund March 31		148.70	-----	6.77
Wider Fund March 31		269.50	-----	5.00
Narrower Fd. Mar. 31		77.95	-----	12.99

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588
See also Stock Exchange Dealings.

American	67.3	72.3	-0.2	1.96
(Accum. Units)	72.2	77.6	-0.2	1.96
American Recovery	76.8	82.2	....	1.54
(Accum. Units)	79.1	84.6	+0.1	1.54
Australasian	113.9	121.9	-1.6	0.74
(Accum. Units)	119.3	127.6	-1.7	0.74
Comm. & Gen.	148.3	158.7	-0.9	2.87
(Accum. Units)	174.4	186.6	-1.1	2.87
Compound Growth	193.8	207.4	+1.0	3.12
Conversion Growth	118.6	126.9	-0.4	2.37
Conversion Inc.	75.3	80.6	+1.2	9.54
Dividend	138.4	150.2	+1.3	8.42
(Accum. Units)	308.2	334.4	+3.0	8.42
European	61.4	65.7	-0.6	3.73
(Accum. Units)	67.3	72.0	-0.6	3.73
Extra Yield	86.9	94.5	+0.5	9.36
(Accum. Units)	141.4	153.4	+0.8	9.36
Far Eastern	120.7	129.2	+0.4	1.02
(Accum. Units)	138.0	147.7	+0.3	1.02
Fund of Inv. Tsts.	98.2	106.1	+0.8	4.56
(Accum. Units)	131.4	141.9	+1.1	4.56
General	238.0	255.9	+1.7	5.75
(Accum. Units)	412.6	443.5	+2.9	5.75
Gilt	48.1	50.5	+0.1	10.23
(Accum. Units)	48.8	51.2	+0.1	10.23
High Income	117.6	125.8	+0.9	8.91
(Accum. Units)	233.7	250.1	+1.8	8.91
Japan	174.7	186.9	+1.9	0.64
(Accum. Units)	183.4	196.2	+1.9	0.64
Magnum	348.8	369.7	-2.7	5.22
(Accum. Units)	482.4	511.3	-3.8	5.22

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99¾	97⅞	Exch. 8¼pc 1981	99¾	......	8.31	11.80
99⅞	97¼	Exch. 9½pc 1981	99⅞	......	9.58	12.01
96¾	93⅞	Exch. 3pc 1981	96¾	......	3.10	12.10
99⅞	99⅛	Treas. Variable '81§§	99¼	......	12.02	13.15
100⅞	99¼	Exch. 12¾pc 1981‡‡	100⅞	......	12.78	11.90
97½	95⅞	Treas. 8¼pc '80-82‡‡	97½	......	8.71	11.88
95	91⅞	Treasury 3pc '82‡‡	94½	......	3.17	9.79
102⅞	100⅞	Treasury 14pc '82‡‡	102	......	13.72	11.64
98⅞	98⅞	Treas. Variable '82§§	98⅞	......	12.10	13.17
95⅞	93⅞	Treasury 8¼pc '82	95⅝	......	8.63	12.11
96⅞	93⅞	Exch. 9¼pc 1982	95¾	......	9.66	12.48
94¾	92⅞	Exch. 8¾pc 1983	94⅞	......	9.24	12.17
89¼	84⅞	Exch. 3pc 1983	88½	−⅛	3.38	9.85
99⅞	97⅞	Treasury 12pc 1983‡‡	99	−⅛	12.12	12.57
97⅞	96¼	Treas. Variable '83§§	97⅞	......	12.26	13.36
94⅛	92¼	Treasury 9¼pc '83	93⅞	−⅛	9.84	12.37
101⅞	100¼	Exch. 13½pc '83	101½	−⅛	13.30	12.78
94⅞	92¼	Exch. 10pc 1983	93⅞	−⅛	10.64	12.71
87¼	84⅞	Funding 5½pc '82-84‡‡	86⅞	−⅛	6.33	11.10
96¾	94⅞	Exch. 11¼pc 1984	96½	−⅛	11.65	12.72
103⅞	101⅞	Exchequer 14pc 1984	102⅞	−⅛	13.60	12.84
80⅝	78½	Exch. 3pc 1984	80	−⅛	3.75	10.51
98⅞	96⅞	Treasury 12pc 1984	98⅞	−⅛	12.22	12.63
107⅞	104⅞	Treasury 15pc 1985	107⅞	−⅛	13.99	12.58
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

Tins

Copper

Miscellaneous

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
55	40	Barymin	44	+1	—	—	—
$15\frac{1}{2}$	14	Burma Mines 10p	$14\frac{1}{2}$xd	......	0.75	ϕ	7.4
315	180	Colby Res. Corp.	280	+30	—	—	—
255	200	Cons. Murch. 10c.	250	......	t030c	1.8	6.9
98	75	††Hemerdon 10c.	98	+3	—	—	—
180	135	Highwood Res.	165	+10	—	—	—
400	300	Northgate C$1	375	+25	—	—	—
478	372	R.T.Z.	468	−2	t16.0	3.2	4.9
£111½	£93½	Do 9¼%CvLn 95-2000	£111½	+1	Q9½%	—	f8.9
143	127	††SPO Minerals 10p	128	−2	—	—	—
47	33	Sabina Inds. C$1.	$37\frac{1}{2}$	$+1\frac{1}{2}$	—	—	—
38	28	††SWCM 10p	32	+1	—	—	—
550	465	Tara Exptn. $1	520	−15	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- ** Regional price.
- || No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. x Prospective real rate of return. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	42	+1	Conv. 9% '80/82	£94	......
Bertam	13	......	Nat. 9¼% 84/89	£75½	−¼
Bdg'wtr. Est. 50p	530xd	−10	Fin. 13% 97/02	£80¼	......
Craig & Rose £1	£11¼	......	Alliance Gas	78	+1
Fife Forge	55xd	+1	Arnott	240	......
Finlay Pkg. 5p	21	+1	Carroll (P.J.)	86	......
Graig Shop. £1	£20½	−½	Concrete Prods.	98	......
Higsons Brew	68	......	Helton (Hldgs.)	28	......
Holt (Jos) 25p	415	......	Ins. Corp.	395	......
I.O.M. Stm. £1	160	......	Irish Ropes	50	......
Pearce (C. H.)	930	......	Jacob	50	......
Peel Hldgs.	92	......	T.M.G.	23	−½
Sheff. Refrshmt	105	......	Unidare	88	......
Sindall (Wm.)	135	......			

OPTIONS

3-month Call Rates

Industrials		House of Fraser	14	Utd. Drapery	6½
A. Brew	6½	I.C.I.	20	Vickers	15
BOC Intl	11	"Imps"	7	Woolworths	5
B.S.R.	4½	I.C.L.	6		
Babcock	11	Ladbroke	30	**Property**	
Barclays Bank	36	Legal & Gen.	20	Brit. Land	8
Beecham	15	Lex Service	10	Cap. Counties	11
Blue Circle	35	Lloyds Bank	28	Land Secs.	37
Boots	20	"Lofs"	4½	MEPC	20
Bowaters	24	London Brick	7	Peachey	15
Brit. Aerospace	14	Lucas Inds.	18	Samuel Props.	13
B.A.T.	25	"Mams"	20	Town & City	2¼
Brown (J.)	7	Mrks. & Spncr	9		
Burton Ord.	12	Midland Bank	26	**Oils**	
Cadburys	7½	N.E.I.	7	Brit. Petroleum	36
Courtaulds	6	Nat. West. Bank	32	Burmah Oil	16
Debenhams	8	P & O Dfd.	13	Charterhall	9
Distillers	17	Plessey	38	KCA	22
Dunlop	7½	Racal Elect.	34	Premier	10
Eagle Star	22	R.H.M.	5	Shell	34
F.N.F.C.	3½	Rank Org. Ord.	18	Tricentrol	30
Gen. Accident	30	Reed Intnl.	20	Ultramar	44
Gen. Electric	60	Sears	5		
Glaxo	28	Tesco	5½	**Mines**	
Grand Met.	14	Thorn EMI	30		
G.U.S. 'A'	44	Trust Houses	18	Charter Cons.	21
Guardian	32	Tube Invest.	18	Cons. Gold	45
G.K.N.	16	Turner & Newall	10	Lonrho	9
Hawker Sidd	25	Unilever	50	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Tuesday April 7 1981

Shipyard men may strike to keep jobs

By John Lloyd
Labour Correspondent

BRITAIN'S 70,000 shipyard workers are ready to take industrial action if British Shipbuilders does not withdraw its threat to lay off 600 workers.

But they seem certain to accept the 7.5 per cent pay offer made by the corporation last month and recommended by union leaders.

Delegates to a special conference of the Shipbuilding Negotiating Committee of the Confederation of Shipbuilding and Engineering Unions in Newcastle *yesterday accepted a* recommendation to give British Shipbuilders until the next meeting of the committee on April 22 to withdraw its 600 dismissal notices.

The dispute arose last week when the corporation began sending redundancy notices to about 600 workers to make up for the shortfall in its 2,100 programme for voluntary redundancies.

If the notices are not withdrawn nationwide, a strike appears certain.

The action would hit civil and naval orders for the home and export markets, as well as oil rig construction and ship repair.

Mr. Jim Murray, the Shipbuilding Negotiating Committee chairman, and general secretary of the Amalgamated Society of Boilermakers, said after the Newcastle meeting: "It would seem to be quite likely that the decision would be to take industrial action if British Shipbuilders did not withdraw compulsory redundancies. The feeling of the meeting was quite unanimous."

Mr. Murray said: "Industrial relations in this industry have deteriorated." Union officials blame Mr. Robert Atkinson, chairman of British Shipbuilders, appointed nine months ago, for the worsening relations.

The 7.5 per cent pay deal, an increase from an original 5 per cent offer tied to productivity agreements, was accepted by delegates as the best that could be achieved.

Even delegates on the Left acquiesced in acceptance of the deal because of the perceived need to fight on the jobs front.

British Shipbuilders refused to comment on the conference decision yesterday. However, the corporation confirmed the closure of the Brigham and Cowan shiprepair yard in Hull, with a loss of 163 jobs.

Murray attacks policies on industry and jobs, Page 11

Weather

UK TODAY

Sunny intervals developing after clearance of fog.

London, East Anglia, E. Midlands

Fog at first, sunny intervals developing. Max. 11C (52F).

S.E., S., S.W. England, Channel Islands, E., N.E. England, Borders, Edinburg and Dundee areas

Mostly cloudy but some sunny intervals. Perhaps some rain later in S. Max. 11C (52F).

W. Midlands, Wales, N.W., N. England, S.W. Scotland, Highlands

Sunny periods developing. Some showers later. Max. 13C (55F).

Outlook: Dry with sunny intervals. *Rain at times in S.*

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	16	61	L. Ang.†	F	15	59
Algiers	F	23	73	Luxmbg	C	8	46
Amsdm	F	10	50	Luxor		—	—
Athens	S	17	63	Madrid	F	18	64
Bahrain	F	27	81	Majorca	C	19	66
Barclna	S	17	63	Malaga	C	18	64
Beirut	S	17	63	Malta	F	19	66
Belfast	C	9	48	M'chstr	S	11	52
Belgrd.	S	17	63	Melbne	S	19	66
Berlin	S	12	54	Mex. C.†		—	—
Biarritz	S	19	66	Miami†	S	20	68
Bmghm	C	8	46	Milan	C	15	59
Blackpl	F	10	50	Mntrl †	Sn	1	34
Bordx.	C	14	57	Moscow	C	4	39
Boulgn	C	10	50	Munich	F	11	52
Bristol	C	8	46	Nairobi	C	20	68
Brussls	C	7	45	Naples	S	17	63
Budpst.	S	17	63	Nassau		—	—
Cairo	DS	25	77	Nwcstl	C	8	46
Cardiff	C	7	45	N Yorkt	R	8	46
Cas'bca	S	19	66	Nice	F	17	63
Cape T		—	—	Nicosia	F	16	61
Chicg.†	F	−4	25	Oporto	R	14	57
Cologne	C	10	50	Oslo	S	9	48
Cphgn	S	11	52	Paris	F	12	54
Corfu	S	21	70	Perth	F	23	73
Denvert	F	−3	27	Prague	C	10	50
Dublin	F	8	46	Rykjvk.	C	7	45
Dbrvnk	S	17	63	Rhodes	C	16	61
Edinbgh	C	10	50	Rio J'ot		—	—
Faro	F	18	64	Rome	C	18	64
Florence	C	18	64	Salzbrg	C	13	55
Frankft	F	13	55	S'ciscot	F	9	48
Funchal	F	18	64	S. Mritz		—	—
Geneva	F	12	54	Singapr.	R	30	86
Gibrltr		—	—	S'tiagot	C	21	70
Glasgw	C	11	52	Stckhm	S	12	54
G'rnsey	C	7	45	Strasbg	F	13	55
Helsinki	S	8	46	Sydney	F	25	77
H Kong	F	28	82	Tangier	F	19	66
Innsbrk	C	14	57	Tel Aviv	S	26	79
Invrnss	S	14	57	Tenerife	F	13	55
I.o.Man	C	8	46	Tokyo	C	16	61
Istanbul	S	14	57	T'r'ntot	F	−1	30
Jersey	C	8	46	Tunis	S	21	70
Jo'burg	F	25	78	Valncia	F	18	64
L. Plms	F	20	68	Venice	S	16	61
Lisbon	F	16	61	Vienna	S	14	57
Locarno	F	16	61	Warsaw	S	12	54
London	F	10	50	Zurich	C	8	46

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sn—Snow. DS—Duststorm. †Noon GMT temperatures.

Shale oil project costs treble

BY MARTIN DICKSON, ENERGY CORRESPONDENT

SERIOUS doubts have been cast on the prospects for one of the world's biggest shale oil schemes—the Rundle project in Queensland, Australia.

The partners in the scheme—Esso Exploration and Production, Australia, and the so-called "Rundle Twins," Southern Pacific Petroleum and Central Pacific Minerals—said yesterday there would be a review of the project's economic feasibility.

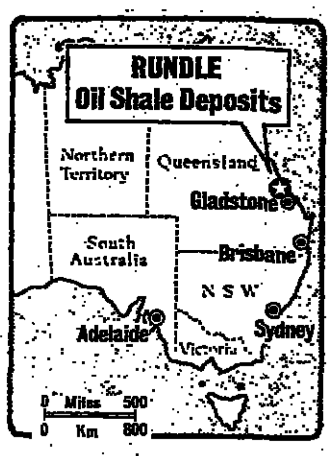
This follows the trebling within a year—to A$2bn (£1.04bn), of the estimated costs *for the demonstration phase* of the project, and the discovery of geological problems which will reduce the amount of recoverable shale oil. The costs of a commercial scale plant have also soared.

The difficulties have major implications for Australia's energy plans. Rundle was to supply about 25 per cent of the country's projected oil consumption of 800,000 barrels a day by the early 1990s. This would fill the gap created by an expected production decline at the Bass Strait oil fields off Victoria.

Esso came into the project last year, with a 50 per cent *stake, under heads of agreement* which envisaged the construction of a demonstration plant to produce 15,000 b/d by 1985 and potential expansion to as much as 240,000 b/d.

The partners said yesterday a A$30m feasibility study by Esso had identified geological problems which could make "a portion of the resource difficult *or impossible to mine.*" The result was that even though estimates of oil shale in place had risen, from 2.2bn barrels to 2.6bn, less could be recovered than previously thought.

Recent tests indicated higher liquid yields from Rundle shale than those obtained in 1978, but lower than in May last year. Esso studies suggested the shale *oil product would have to be upgraded* before it was acceptable as synthetic crude to Australian refiners.



Eestimates of water, electricity and manpower needs had also risen, adding to costs.

As a result, Esso has advised its partners that it would be imprudent to proceed with the *demonstration plant.* The consortium is instead planning to discuss a revised joint venture agreement which would allow further work to determine "whether or not a project on a commercial scale is technically and economically feasible and in what time frame."

The aim is to get sufficient information to decide whether to go ahead with a commercial plant without first building a demonstration one.

Mr. John Carrick, the Australian Energy Minister, said it seemed the original Rundle development timetable would be delayed but he still expected the project to make a significant contribution to Australia's energy needs.

In New York, Exxon, the parent company of Esso Exploration, said the Rundle difficulties did not mean it was backing away from shale oil development in general.

In London Central Pacific Minerals shares fell 65p to a *1981 low of 150p and Southern* Pacific Petroleum shares fell 30p to 58p, after touching a year's low of 54p.

Auditing in 34 Ministries criticised

BY GARETH GRIFFITHS

THE INTERNAL auditing of 34 Government Departments responsible last year for annual transactions of £130bn was strongly criticised yesterday by Sir Douglas Henley, the Comptroller and Auditor-General, as lacking *professionalism and falling substantially* below recommended Civil Service standards.

In a memorandum to the Commons Public Accounts Committee, Sir Douglas outlined a review by his Department of all the major Government Departments last year.

Three main faults were highlighted in the internal auditing service, which exists to ensure that Departments give "value for money":

● Senior management showed a fairly general failure to appreciate potential benefits of an efficient modern audit. They consequently failed to provide the auditing officers with all the assistance necessary.

There was an almost universal absence of adequate computer facilities to audit the system. *Only six qualified accountants* able to understand computer auditing were employed by the Government.

● The Civil Service showed a general lack of professionalism in its staffing of internal audits. Some 60 per cent of internal audit staff were junior grades and spent too short a time on that type of work to gain proper experience.

The majority of heads of internal audit teams were of lower status than those doing comparable jobs in other departments. This reduced the impact of their reports.

● The Civil Service lacked a service-wide career structure for internal auditors.

Sir Douglas said his report pointed to the need for a change in staffing and general recognition of the potential role of internal auditing.

The Treasury and Civil Service Department told the Public Accounts Committee that they accepted the main thrust of Sir Douglas's criticisms, and were acting to remedy them through a review of their systems of financial control.

Sir Anthony Rawlinson, *Second Permanent Secretary* at the Treasury, said that a letter urging improvement from the Permanent Secretary at the Treasury and the Civil Service Department had been sent to all Permanent Secretaries in Whitehall.

The aim was to re-engage the attention of top management about the problem. It was not a lack of appreciation but a lack of action that had exacerbated the problem, he told the committee.

The Treasury has set up a steering group of officials under a Deputy Secretary to consider ways of making the internal audit stronger.

Under questioning from Mr. Joel Barne, chairman of the Accounts Committee, the Treasury and the Department admitted that Whitehall *suffered from a shortage of* trained accountants. Eleven Departments had qualified accountants as internal auditors, but more than 20 had not qualified accountants in these posts.

Chemical industry cashflow crisis

BY SUE CAMERON, CHEMICALS CORRESPONDENT

PRICE cutting and falling output cost Britain's chemical industry at least £1.6bn in lost cashflow last year. The figure for 1981 could be far higher.

A report yesterday from the Chemicals Economic Development Committee—the industry's little Neddy—says many UK chemical producers are facing their most severe short term crisis.

"Without a radical change in the short term, large sectors of the industry may not be able to enjoy the prospect of grasping those opportunities which exist in the medium term."

Mr. Walter Greaves, chairman of the team which prepared the report, said average sales prices last year were about 9 per cent lower than in 1979. This reduced the industry's cashflow by about £1.3bn.

Output fell about 8.5 per cent between 1979 and 1980, leading to a further cash flow loss of about £450m—a total of £1.65bn.

Output in January this year was 16 per cent lower than in January, 1980, said Mr. Greaves. If output remained at this level throughout this year the industry's cashflow would be cut by a further £900m.

"This massive loss of cashflow *plus* the disappearance of customer outlets in the UK domestic market is what is frightening individual chemical companies.

"We do not see how this overall loss of competitiveness is going to be rectified."

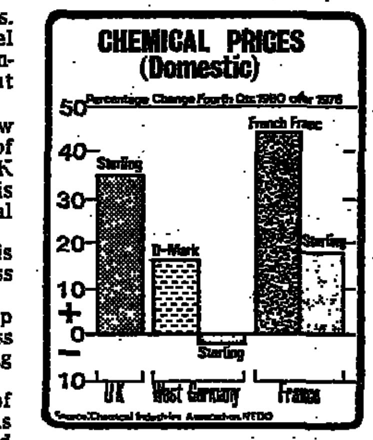
The report blames the drop in international competitiveness on the strengthening of sterling and the high rate of inflation.

Between 1978 and the end of last year a "37 per cent gap has opened up between UK and West German sales prices and a 17 per cent gap against those of French producers."

"No amount of improved efficiency can compensate for this kind of change," says the report.

A "major concern" in the slump is the number of customer industries being forced to close. No amount of marketing by the chemicals industry can revitalise a customer sector "already seriously weakened or doomed," it says.

The report calls on the Government to help by:



The strength of sterling and high rate of UK inflation has opened a wide gap between British sales prices and those in West Germany and France.

● Bringing UK energy prices into line with those on the continent.

● Giving "overriding priority" to stimulating home demand and reducing the value of the pound against other currencies.

● Tax incentives and cash grants to enable chemical companies to maintain their research and development spending.

Cash flow pressures are forcing some companies to cut research and development spending, and this is "ground which can never be regained," says the report.

But it ends on a more hopeful note. The UK chemical industry's trade surplus has been growing and productivity has been improving.

North Sea gas feedstocks "provide a unique opportunity" for British petrochemical producers. The higher profits of the past can be repeated — provided the industry is "not crippled by its present difficulties."

Kuwaitis buy £21m City offices

BY MICHAEL CASSELL

THE KUWAIT Investment Office has added to its rapidly expanding UK property empire with the purchase, for £21.5m, of an office building in the City of London.

The acquisition of Nordic Bank House, St. Dunstan's Hill, EC3, follows last month's announcement that the Kuwaitis were to develop a £35m shopping centre in Croydon.

The KIO has built up substantial share stakes in a variety of British companies. It has channelled most of its UK property interests, including the latest purchase, through St. Martins Property Corporation, which it took over in 1974. The corporation is thought to control an investment portfolio worth more than £400m.

Included in the KIO's property company shareholdings is a 6.4 per cent stake in Capital and Counties Property. Non-property investments include stakes in the Savoy Hotel, General Accident, Harrisons and Crosfield, the plantations group, Trusthouse Forte, the hotel group, and Burmah Oil.

Plans by St. Martins Property to develop 2m sq ft of offices at Hay's Wharf on the south bank of the Thames between London Bridge and Tower Bridge are at present the subject of a public inquiry. The scheme was first proposed by The Proprietors of Hay's Wharf, which was taken over by the KIO in 1980.

Nordic Bank House has been purchased by St. Martins Property Investment from Hurst, Gunson, Cooper, Taber, the seed specialist company which is a subsidiary of Agricultural Holdings.

The building, which has about 50,000 sq ft of floorspace, is let to Nordic Bank at an annual rent of more than £1m.

Nordic Bank has a 35-year lease, with five-year reviews, dating from 1979, when the building was completed. The freehold purchase provides St. Martins with an initial yield of about 5 per cent.

Thomson-CSF in $400m U.S. venture

BY DAVID LASCELLES IN NEW YORK

A £400m (£178) joint venture to exploit the U.S. communications market was announced yesterday by Continental Telephone, one of the major U.S. independent telephone system operators, and Thomson-CSF of France.

The two companie said the new enterprise, yet to be named, would design, manufacture and market business communications equipment and systems in America.

The two companies will invest $400m in the venture over a number of years. Continental's commitment will be largely in the form of its "Executone" subsidiary, which *ranks among the leading U.S.* marketers of telephone equipment.

Mr. Charles Wohlstetter, Continental's chairman, said: "The size and resources of the new entity will permit it to expand domestic manufacturing and ultimately become a major force in the business communications market."

Thomson-CSF has been keen to find a partner to help it market its communications technology in the U.S. Continental, for its part, had been looking for new products and technology.

Continental is the third largest U.S. telephone company outside the Bell system. Based in Atlanta, Georgia, it had revenues last year of $1.3bn and has been keen to diversify in the fast-growing telecommunications market.

Thomson-CSF had revenues of $5bn and operates in the worldwide communications market. It belongs to the Thomson-Brandt group.

Continued from Page 1

£ down

modest increase in sterling M3 last month, or even a fall.

The dollar's overall gains were reflected in a sharp increase in its Bank of England trade-weighted index from 101.0 to 101.5. The dollar climbed to DM 2.1555, up from Friday's DM 2.1210 and the highest since mid-February.

It rose to SwFr 1.9695 against SwFr 1.9340 and to Y214.0 against Y213.10.

David Lascelles writes from New York: Fresh fears about the economic outlook swept through Wall Street early yesterday causing a sharp drop in share prices and heavy selling in the bond market. Government bonds were worst hit, and yields on some Treasury issues hit record highs.

Nervousness was triggered partly by what was seen as the growing likelihood of a Soviet invasion of Poland.

But analysts said the big sell-off was largely because of heavy weekend news coverage of the outlook for interest rates, and highly publicised predictions that the Federal Reserve Board would maintain a tight credit policy.

The Dow Jones Industrial Average was down more than 16 points by early afternoon. Short-term interest rates rose sharply when trading opened in the morning, and by noon yields on 30-year Government bonds rose to a record 13.30 per cent.

The dollar advanced against major currencies on U.S. foreign exchange markets.

THE LEX COLUMN

Fed keeps the pressure on

The problems of Poland have been a major contributor to the weakness of the D-Mark over the last six months. So perhaps the U.S. authorities were a little tactless to accompany Soviet troop movements in Eastern Europe with a tightening of American interest rates. Federal funds, down to 14 per cent in the middle of last week, were allowed to edge up above 16 per cent, and the dollar rose 3½ pfennigs to DM 2.1555.

There are perfectly innocent reasons for a rise in U.S. rates after the easing in March, when *loan demand was slack* but bank reserves were growing fairly rapidly. Window-dressing over the end of the quarter may explain some of the upward presure—banks have been issuing more certificates of deposit—and there has been a heavy Treasury financing. But this is out of the way now, and interest rates might have been expected to resume their downward path.

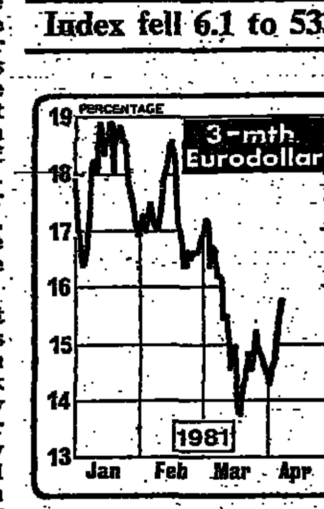
Instead, they have carried on rising, presumably with the blessing of the Federal Reserve. The Fed may be a little uneasy with the growth of bank reserves in March, and the statistics published late last week—for money supply and producer prices—were rather disappointing. The U.S. economy may still be slowing, but only very gradually.

But a two point rise in the Fed funds rate is not as significant as it would have been a year ago, since the Fed is now operating with a wider band of short-term interest rates. So far the Fed has probably done no more than allow rates to rise to the top end of this band; but even that was enough to leave the dollar bond market looking very soggy yesterday.

The repercussions were felt in London, too, where the Bank of England seemed to be propping up sterling at one stage. Wholesale price inflation is an increasing problem in the UK as well as in the U.S.—figures for March published yesterday showed gains of well over 1 per cent on both the input and output indices over February levels which have been discreetly revised upwards. The output figure can be explained by tax increases, but the input series, heavily influenced by the exchange rate, is now showing a clear upward trend.

Unsurprisingly, then, the gilt-edged market had a poor day, with falls ranging to half a point in the long-dated stocks ahead of this afternoon's banking figures and equities paused for breath, although the FT 30-Share Index, 7.3 points down early on, regained some ground later in the day. There was plenty of gloomy talk about Poland; something no one had found time to discuss during last week's buying spree.

Index fell 6.1 to 533.5



Highland Dist.

Recent results from the Scotch whisky industry have been very mixed, ranging from the 30 per cent sales collapse and £1.4m loss shown by Tomatin — a malt distiller — to the 24 per cent advance in whisky profits earned by Arthur Bell in the branded retail market. Highland Distillers operates in both segments of the trade, and accordingly its pre-tax profits are down an intermediate 19 per cent at £2.5m.

Highland's malt distilleries have been running at about half capacity, and sales for blending —both new fillings and mature malts — are down by about a quarter.

What makes for respectability is the continued upward flight of the Famous Grouse blend. UK market share is still growing very fast, and could reach 10 per cent this year. The price of such expansion is rising stocks of malt and a matching growth of debt, suggesting that the rights issue of 1979 may not have been the final answer to Highland's capital needs. At 95p, the shares stand 27 per cent below last year's offer from Hiram Walker.

Metallgesellschaft

Metallgesellschaft, the West German metals, process plant and chemicals group, has put its house in order after two years of declining profits. Reorganisation of the metal pro[...] division and higher metal p[...] in the early part of last [...] have contributed to a su[...] net income from DM 1[...] DM 42m. The company has [...] benefited from the absen[...] the previous year's high [...] sions in Irah and Turkey.

The Frankfurt stock ma[...] has been quick to recognise [...] reviving fortunes and [...] shares are trading close [...] eight-year high at DM [...] equivalent to over 20 times [...] year's earnings. Over the [...] term, the group will find [...] hard to justify such a ra[...] Lurgi, the plant division, [...] brimming with orders [...] margins in the dominant me[...] division, which accounts [...] around half of group sales, [...] under heavy pressure.

By doubling its capital spen[...]ing this year to DM 360m [...] group is demonstrating its co[...]fidence in an upswing in met[...] demand. Shareholders must [...] hoping that assumption [...] correct, for the yield is un[...] 3 per cent even for Germ[...] investors.

Trident Television

After a series of "fina[...] deadlines, a reconstruction [...] Trident Television satisfacto[...] to the IBA seems to have be[...] designed. Trident will ret[...] a 20 per cent stake in Yorksh[...] and Tyne Tees, with the rema[...]ing 80 per cent placed w[...] regional institutions for ab[...] £12m and £5m respectiv[...] The cash will be retained [...] the two new quoted vehic[...] which will lease studio sp[...] and equipment from Trident [...] the first instance.

With the ITV4 subscriptio[...] looming, neither of the n[...] companies is likely to do m[...] better than break even in [...] first year and Yorkshire w[...] be badly hit through the [...] of the Bilsdale transmitt[...] facility and therefore perha[...] 10 per cent of receiving hom[...]

Trident shareholders will [...] see any bonanza from ass[...] realisation. Instead of TV p[...] tax profits of £6.9m last ye[...] there will be rental income [...] perhaps £2¼m, which a 20 [...] cent share of TV profits wo[...] raise towards £4m pro rata [...] addition there will be so[...] cash paid over by Yorkshire [...] TT for programme st[...] Meanwhile current advertis[...] revenue is—against all [...] fears—higher than a y[...] earlier. So, when the uncerta[...]ties are resolved this week [...] share price may well move [...] few pence above last nig[...] closing level of 46½p.

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